Austria	Sch[illegible]	Iran	Rls250	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.50	Philippines	Peo40
Belgium	BFr60	Italy	L2200	Poland	Zl 15,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Es175
Denmark	DKr15	Korea	Won 2000	Qatar	QR10.00
Egypt	£E3.50	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	Fmk9.00	Lebanon	L£1,000	Singapore	S$4.10
France	FFr8.00	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malta	45 cents	Sweden	SKr15
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bt50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din1.000
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,511

Tuesday July 23 1991

D 8523A

DRUGS

Six-page survey of the world industry

Section III

World News

South African funds crisis implicates de Klerk

The political crisis in South Africa deepened when it was revealed that President F.W. de Klerk must have known that secret government funds had been channelled to the mainly Zulu Inkatha movement. Page 16

Yavlinsky warning

The west should not try to help the Soviet Union while its reform process is determined by the government's anti-crisis plan, Mr Grigory Yavlinsky, the radical economist and former Russian deputy prime minister, warned. Page 2

Yugoslav clashes kill 20

Up to 20 people were killed in clashes between Serbs and Croats, 14 of them in the eastern Croatian town of Mirkovci. Page 2

HK widens airport bids

Hong Kong cleared the way for Chinese construction companies to play a greater role in tendering for contracts related to the colony's new airport. Page 3

EC investigates piracy

The European Commission is to investigate the widespread piracy of sound recordings in Thailand, which the EC recording industry says has cost it about $250m over 10 years. Page 3

Kurds test Iraq army

Iraq's northern city of Sulaimaniya has become a test of strength between the surrounding Iraqi army and Kurdish militias. Page 4

UK Citizen's Charter

British prime minister John Major unveiled a new Citizen's Charter – a sweeping programme of reforms designed to improve the quality of service offered to Britain's consumers. Page 16

Mobutu chooses rival

Zaire's president Mobutu Sese Seko named his main opponent, Etienne Tshisekedi wa Mulumba, as prime minister. The announcement came as Mobutu struggled to hold power against growing opposition.

Nepal outlaws strike

Nepal's two-month-old government, fighting a debilitating strike by most of its 90,000 civil servants, declared the action illegal and threatened arrests.

Communists protest

German communist leader Gregor Gysi said his party had begun a campaign of civil disobedience to protest against the freezing of its assets by a government agency.

Mudflows bury villages

Mudflows as high as 20ft engulfed villages near the erupting Philippine volcano of Mount Pinatubo after typhoon rains, killing one person and stranding up to 4,000.

Double murder theory

Police investigating the deaths of a British man and his Dutch wife near Toulouse last week believe they were the victims of professional killers. Both were strangled.

UK train crash inquiry

Britain ordered an independent public inquiry into a head-on suburban train collision that killed four people and injured 22 near Glasgow, the latest fatal crash on the ageing, state rail network.

Kenya school arrests

Kenyan police said they had arrested 39 boys following the deaths of 19 girls and the rape of dozens of others at a mixed boarding school last week. The dead girls apparently suffocated in a scramble to escape.

Stowaways found dead

Two Cuban stowaways were found dead in the landing gear of an Iberia airliner on arrival in Madrid from Havana.

Business Summary

Nomura chiefs resign after series of scandals

Setsuya Tabuchi and Yoshihisa Tabuchi, chairman and vice-chairman respectively of Nomura Securities, Japan's largest securities house, resigned to take responsibility for a series of scandals, including embarrassing links to a lawyer recently arrested for his role in a stock-cornering scam. Page 16; Crisis of confidence, Page 4

ROCHE, Swiss pharmaceuticals and chemicals group, is paying $300m in cash to Cetus Corporation of California for the rights to the US company's polymerase chain reaction (PCR) technology which promises to revolutionise the detection of infectious or genetically transmitted diseases, such as AIDs, cancer and tuberculosis. Page 17

DELTA Airlines, third largest US carrier, is pushing ahead with its plan to purchase Pan Am's remaining European routes and its East Coast shuttle operation, in spite of a rival offer from the heavily-indebted Trans World Airlines, in conjunction with American Airlines. Page 17; Lex, Page 16

AMERICAN Express, US travel and financial services group that has been facing falling profits, named Harvey Golub, a vice-chairman, as president of the company. He succeeds Lou Gerstner, who left in spring 1989 to head RJR Nabisco. Page 19

IMPERIAL Chemical Industries research effort produces higher quality innovation than many of its competitors in the world chemical industry, according to an independent analysis by CHI Research, the leading US researcher into innovation. Page 17; Further details, Page 24

SECURITY Pacific, California banking group, agreed to buy Southwest Savings & Loan Association from the Resolution Trust Corporation (RTC), the government agency handling the rescue of the collapsed US thrift industry. Page 22

ELF Aquitaine, French state-controlled oil company, has reported a 7 per cent advance in first-half net earnings to an estimated FFr5.2bn ($830m). Page 18; Capital ideas for state industries, Page 15

SONATRACH, Algerian state oil and gas monopoly, has signed an agreement to carry out a feasibility study with Total and Agip, respectively the French and Italian government-controlled oil and gas groups for a $400m plant in Algeria. Page 3

LONRHO South Africa, third-largest of the western world's platinum group metal producers, is having talks with Glavalmaz Zoloto, the organisation responsible for the Soviet Union's precious metals production and sales, prompting speculation that the countries may be working towards some kind of cartel for platinum group metals. Page 26

SEARS, Roebuck, world's largest retailer, reported second-quarter income of $239.3m after a deferred tax charge. Without the charge, income was $303.4m, up 27.5 per cent on the same period last year. Page 19

GEC-ALSTHOM, transport and power engineering company jointly owned by France's Alcatel Alsthom and General Electric of the UK, has posted flat earnings for the year to March 31. Net profits totalled Ecu247m ($216.6m), compared with Ecu240m in the previous year. Page 18

CHINA'S economy grew at a healthy 6.1 per cent in the first half of 1991 in spite of devastating floods and industries saddled with debt, but a senior official warned that serious difficulties still threatened the economy. Page 4

Hopes grow over Israeli acceptance of US plan

By Hugh Carnegy in Jerusalem

THE Israeli government said yesterday that it saw the possibility of success for US Middle East peace proposals already accepted by the key Arab states, but held back from giving a final response pending further discussions with Washington.

A spokesman for Mr Yitzhak Shamir said after two rounds of talks between the prime minister and his senior ministers with Mr James Baker, the US secretary of state, that the Israeli reply was likely within "days not weeks".

Mr Baker stoked a growing climate of expectation in Israel when he told a press conference: "I look forward with great hope to their response. I think this is a moment of historic opportunity.

"For 43 years Israel has sought direct negotiations with its neighbours and it has been right to do so. Israel now has Arab partners willing to engage in direct negotiations."

Several ministers adopted a positive stance. Mr Roni Milo, the police minister, called the Syrian acceptance of the US peace proposals revolutionary and said: "We are on the threshold of a breakthrough to peace."

Mr David Levy, the foreign minister, commented: "Whoever ignores the (Arab) change simply does not want to see it."

Mr Baker's visit put the onus firmly on Mr Shamir to decide whether Washington's plan for a regional peace conference, followed by a series of negotiations on bilateral Arab-Israeli issues and the Palestinian problem, can go ahead.

If he refuses, he risks a damaging split with Washington and the west just as Israel is seeking large-scale financial aid to fund Soviet Jewish immigration.

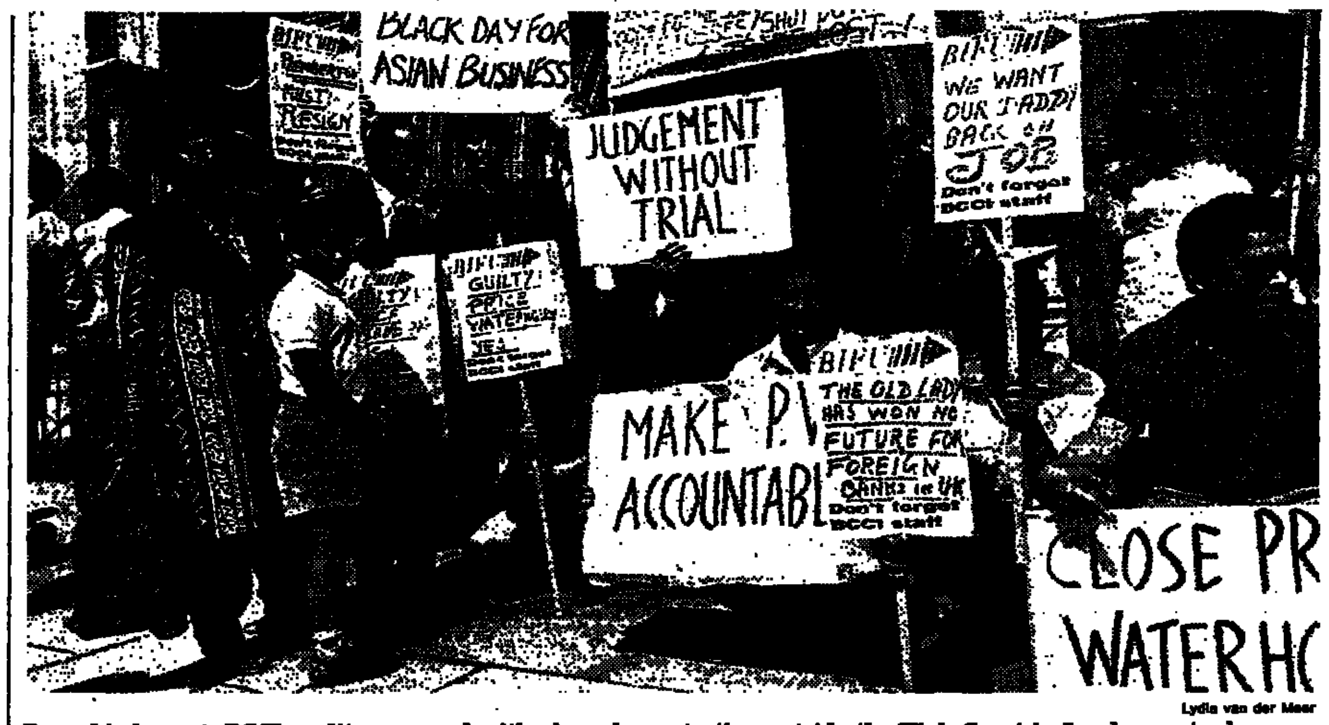
Mr Baker came to Israel armed with the acceptance of Egypt, Syria, Jordan, the Gulf states and even Lebanon.

Mr Shamir reacted with his usual caution. In a speech in Jerusalem last night he said Israel had to be "absolutely sure whether there is a real change of heart on the part of our Arab neighbours."

But Mr Avi Pazner, Mr Shamir's spokesman, said there was goodwill, "even if there is no understanding on all points yet."

But the issue of Palestinian representation remains a serious problem which the US has yet to find a way round. Mr Faisal Husseini, the senior local Palestinian leader, said the presence of Arab delegates from Jerusalem was a "red line" for Palestinians. Mr Shamir insists on excluding Jerusalem Arabs as well as any role for the Palestine Liberation Organisation.

Background, Page 4
Editorial Comment, Page 14



Lydia van der Meer

Day of judgment: BCCI creditors, armed with placards, protesting outside the High Court in London yesterday

Court delays BCCI winding-up

By Richard Waters in London

THE BANK of Credit and Commerce International was brought down by bad loans to a single Pakistani shipping family and losses of "several billion dollars" on its treasury operations, it was revealed yesterday.

According to auditors Price Waterhouse, whose secret report commissioned by the Bank of England led to the closure of BCCI, there was an attempt to conceal the trading losses with " one of the most complex deceptions in banking history."

Details of the losses, and the complex fraud used to cover them up, emerged in the High Court in London as the Bank of England failed to obtain an immediate winding-up order against the bank.

Central to the deception was a bank referred to only as "WXYZ". This bank – understood to be First American Bankshares, the largest bank in the Washington DC region – was used to generate fictitious loans. Its shares – purchased through various nominees to disguise the BCCI ownership – were used as security for loans and "generating fictitious income."

The court granted an eight-day adjournment to allow BCCI's majority shareholders, the government and ruler of Abu Dhabi, time to put together a support package for BCCI's small depositors and employees. Without this support, a winding-up would the only way to protect the bank's small investors, said Sir Nicolas Browne-Wilkinson, the vice-chancellor.

In its written submission supporting the winding-up petition yesterday, the Bank of England revealed for the first time details of a report delivered at the end of June by Price Waterhouse, BCCI's auditors.

This detailed the huge fraud which led regulators to close the group's main operations around the world on July 5.

The extent of BCCI's troubled loans was not disclosed, but the government of Abu Dhabi took over $4.1bn of bad loans in a refinancing of the bank on May 22 this year.

According to the Price Waterhouse report, "the principal bad debtor was Gulf Group", a shipping business run by Mr Mustafa Gokal and his two brothers.

Mr Mustafa Gokal, the head of the family, has numerous shipping interests. He is also majority shareholder in Gulf Shipping Holdings, a UK-based group.

Names are struck out of much of the bank's evidence, but in respect of one significant debtor, believed to be the Gulf group, it says that BCCI officers misappropriated money through 750 accounts over a period of 15 years.

Turnover through the accounts relating to this single debtor reached $15bn, and concealment amounted to "a full time occupation", the auditors said.

Losses on BCCI's treasury operations amounted to $849m

Continued on Page 16

Background, Page 5;
Editorial comment, Page 14

Trade surplus raises UK hopes of economic revival

BRITAIN'S first current account surplus in four and half years and an unexpected jump in retail sales yesterday raised government hopes that an economic revival is about to lead the UK out of its deep, year-long recession, writes Peter Norman, Economics Correspondent.

Record exports pushed Britain's current account balance of payments into the black last month for the first time since February 1987 while retail sales for the same month rose by 1.3 per cent – much higher than expected.

But economists were far more cautious about the outlook for the UK economy. "The recovery will still be dogged by the combination of high real interest rates and high debt levels – especially in service and property sectors," said Mr Michael Saunders, UK economist of Salomon Brothers International in London. According to Mr Peter Spencer, Shearson Lehman Brothers' UK economist, recent subdued money supply and bank lending data suggested the economy was "bumping along the bottom."

The government's Central Statistical Office yesterday reported a marked improvement in Britain's current account as a seasonally adjusted deficit of £522m ($835m) in May turned into a provisional £23m surplus in June.

The surplus reflected an unexpected narrowing of the UK's visible trade deficit to £377m in June from £922m in May. Exports rose in the month by 5.4 per cent to a record £9.03bn and imports fell by 0.9 per cent to £9.4bn.

For the first time since February 1984, Britain earned a surplus on its trade in manufactured goods while trade with the UK's European Community partners moved back into the black last month.

The CSO also reported a 1.3 per cent increase in retail sales volumes between May and June. However, retail sales volumes for the three months between April and June were 1 per cent lower than in the first quarter and down 2 per cent on the second quarter of last year.

According to Mr Kevin Gardiner, UK economist at Warburg securities, the trade and retail sales figures together showed that rising demand was being met from stocks rather than imports.

The government seized on yesterday's figures as evidence of the long awaited economic recovery. Mr Norman Lamont, the chancellor of the exchequer, said the current account demonstrated "the underlying strength of the British economy and especially our manufacturing industry."

The normally cautious Retail Consortium, a trade body that claims to represent 90 per cent of the UK retail sector, said the news that retail sales had increased by 7 per cent in value compared with June last year despite very bad weather "hopefully heralds the long awaited start to recovery."

However, the Association of British Chambers of Commerce warned the government against complacency.

Yesterday's economic data failed greatly to excite financial markets. London equities advanced, with the FT-SE 100 index reaching a new intra-day trading high 2,564.6 before slipping back to close 17 points up at 2,558.5. But trading volumes were low.

Sterling closed little changed against European currencies but lost nearly a cent to $1.681.

Background, Page 6

US banks agree merger with $4bn share exchange

By Martin Dickson in New York

THE takeover wave sweeping through the US banking industry acquired a powerful new impetus yesterday when two large southern regional institutions – NCNB and C&S/Sovran – agreed to merge in a $4bn share-exchange deal which will create the nation's third largest banking business, ranked by assets.

The deal comes just a week after two of the top New York money centre banks – Chemical Banking and Manufacturers Hanover – agreed to merge, creating the second largest bank after Citicorp.

NCNB, which is based in Charlotte, North Carolina, is one of the largest and most aggressively acquisitive of the so-called "super-regional" US banks – institutions which are not based in traditional banking centres like New York and focus their attention on middle market commercial lending and the lucrative retail business. Two years ago NCNB launched a hostile bid for a forerunner of C&S – Citizens & Southern, the largest bank in Georgia, but was seen off when it merged with Virginia-based Sovran Financial.

However, real estate loan problems at the Virginia bank have cast a financial shadow over C&S, which agreed last month to hold merger talks with NCNB.

NCNB is offering C&S shareholders 0.84 of a share of NCNB stock for every C&S share they hold. The deal is worth about $4.1bn on the basis of yesterday's NCNB share price, which dipped $1⅞ to $35⅝ in early morning trading. C&S rose $1 to $26⅞. The combined business, to be known as NationsBank, would have assets of about $118bn, compared to $217bn at Citicorp, $135bn at the enlarged Chemical Banking and $112bn at fourth-placed BankAmerica, the largest west coast bank.

NCNB is currently the seventh largest bank in the US and C&S the 12th biggest. However, NationsBank's limited international exposure, compared with other leading banks, is underlined by its claim to have the largest domestic deposit base of any US bank, totalling $85bn, and the leading retail franchise, with 1,900 offices serving nine states.

NCNB has a powerful positions in North and South Carolina, Florida and Texas. C&S has complementary positions in Georgia, Virginia, Tennessee and Maryland, and, like NCNB, has a substantial representation in South Carolina and Florida.

The merger would lead to substantial cost savings, estimated by analysts at around $350m. The two banks said yesterday that this would involve some 4,800-6,000 job cuts, or around 10 per cent of the combined workforce.

The deal is still subject to shareholder and regulatory approvals and is expected to be completed around the end of the year.

Background, Page 17

CONTENTS

Brazil tries to unravel years of computer protectionism

The free market policies of President Fernando Collor are about to touch upon Brazil's heavily protected computer industry. But many analysts believe the changes will have only limited impact

Page 3

MARKETS

STERLING
New York lunchtime:
$1.676
London:
$1.681 (1.6905)
DM2.955 (2.995)
FFr10.035 (10.0375)
SFr2.5575 (2.56)
Y231 (230.75)
£ index 91.10 (91.1)

GOLD
New York: Comex Aug
$366.1 (371.2).
London:
$369.5 (371.2)

N SEA OIL (Argus)
Brent Sep
$19.95 (20.075)

Chief price changes yesterday: Page 17

DOLLAR
New York: lunchtime:
DM1.76285
FFr5.9865
SFr1.52565
Y137.8
London:
DM1.7585 (1.7485)
FFr5.9700 (5.9375)
SFr1.5215 (1.535)
Y137.40 (136.45)
$ index 66.9 (66.8)
Tokyo close: Y136.65

US lunchtime rates
Fed Funds: 5¾ %
3-mo Treasury Bills: 5.719%
Long Bond: 96¼
yield: 8.464%

STOCK INDICES
FT-SE 100:
2558.5 (+17)
FT Ordinary:
1973.8 (+14.3)
FT-A All-Share:
1,220.52 (+0.8%)
New York:lunchtime
DJ Ind. Av.
3,006.71 (−9.62)
S&P Comp
382.77 (−1.45)
Tokyo: Nikkei
22,705.29 (-161.07)

LONDON MONEY
3-month Interbank:
11 1/32 (same)
Life long gilt future:
Sep 92 1/32 (91 23/32)

EUROPEAN NEWS

Radical economist urges west to scrutinise Soviet anti-crisis programmes closely

Yavlinsky warns against aid for Moscow

By John Lloyd in Moscow

WESTERN countries should not try to give assistance to the Soviet Union while its reform process is set according to the government's anti-crisis plan, according to Mr Grigory Yavlinsky, the radical economist and former Russian deputy prime minister.

He calls instead for the most severe examination of the current programme *and of future plans* – the only outcome, he says, which would make the Group of Seven agreement to engage with Soviet reform a success.

Mr Yavlinsky drafted an economic reform programme called "Window of Opportunity" with the aid of US scholars at Harvard University, and held long talks with Mr Mikhail Gorbachev, the Soviet president, before the London G7 summit to press him to make the plan his own.

"He told me: 'Look, I'm taking your ideas to London, they are part of the proposals.' *But I told him:* 'It's not enough'," he said yesterday in an interview.

Mr Yavlinsky, though announced as a member of the official Soviet party, decided not to go because his plan was, in his view, diluted with other proposals with which he did not agree.

"People would ask me in London 'What are your ideas on privatisation, or on price liberalisation?' I could not go there and say I did not agree with the president if I was part of his team."

Mr Yavlinsky's biggest fear now is that the west has given the wrong signals to both the Soviet government and the Soviet people.

"They all came back from London *and talked about our great victory.* But what victory? When the G7 talk of giving assistance in spheres like defence conversion, energy, food distribution and transport – how can they, where in all these areas an old system is rotting?"

I think that these people, like [prime minister Valentin] Pavlov and [first deputy premier Vladimir] Shcherbakov are still thinking with the mentality of the 1970s.

"They talk about the importance of foreign investments, not about assistance. But if there's no credit and funds from the west then nothing will change.

"Foreign investments are not good for our people in themselves. They will work in the companies, but they *will not have any opportunity to start* in business on their own account. In our plan there was a provision for a privatisation fund which would have allowed people to become owners.

"The government has said that my ideas are too radical, that people will not bear them. But why should it just be stupid ideas that are radical?

"Taking away people's money [in the form of 50 and 100 rouble notes, as the government did in January] or putting up prices by three times – these are really radical ideas. But they are stupid, they have no effect whatsoever.

"Why should it just be the radically stupid ideas which we implement, not the radically good ones?"

Mr Yavlinsky is, however, not about to go into a surly opposition. Instead, he says: "Gorbachev told me before he went to London that he will be busy this week with the Communist party central committee plenum [today] but that after that, we should work together again.

"People will say that we failed twice – with the 500-Day plan [of which he was co-author with Professor Stanislav Shatalin and others] and now.

"But I am prepared for a long hard struggle. I am thinking now about what will happen if all these efforts fail."

Killings mark most violent day in Yugoslavia

By Laura Silber in Belgrade

TWENTY people were reported killed yesterday in clashes between Serbs and Croats in the worst day of violence in Yugoslavia this year as the country's leaders gathered for peace talks.

The Croatian news agency reported that 14 Croatian guardsmen, five civilians and one Croatian policeman were killed in fighting in Mirkovci, a Croatian town about 120km north-west of Belgrade, the Serbian and federal capital.

Belgrade television said 16 people were killed altogether.

The violence forced the closure of the main railway between Zagreb and Belgrade, causing long delays for train passengers.

In conflicting reports, Tanjug, the Yugoslav news agency, said Croatian police and soldiers from the Croatian national guard launched three attacks on Mirkovci from surrounding villages. The first began at 5.30am, and was followed by others at 7.30 and 12.30. A Serbian civilian "had his throat slit while defending his village", said Tanjug. The number of injured yesterday could not be confirmed.

Tanjug reported that federal army units were prevented from entering Mirkovci yesterday morning, and that Serbs in *the villages had appealed to* Serbia for assistance.

Croatian police, however, said that Serbian nationalists attacked the neighbouring towns of Vinkovci and Stari Jankovci with mortars and machine guns.

About 30 people have been killed since Saturday in clashes between Serbs and Croatian police and national guardsmen. Croatian forces are trying to reassert the republic's authority over Serb-populated territories in eastern Croatia. Serbs, who make up 12 per cent of Croatia's population of 4.7m, are resisting Croatia's moves towards secession.

Fighting between Croatian police and Serbs was also reported yesterday in the village of Plaski, about 100km *southwest of Zagreb, the* Croatian capital.

The state presidency and the presidents of the six republics were due to start peace talks yesterday in Ohrid, a town in the southern republic of Macedonia.

Mr Vasil Tupurkovski, Macedonia's representative to the eight-member federal presidency, yesterday said he expected them to sign the "Ohrid document" calling for "a non-aggression pact between the republics and concrete negotiations on a peaceful resolution to the crisis".

Mr Tupurkovski said Yugoslavia's leaders would also consider the situation in Croatia in an attempt to stop violence *growing.*

A plan drawn up by the federal government to keep the economy functioning was also on the agenda for yesterday's meeting.

EC ministers have taste for tradition

By Andrew Hill in Brussels

FRENCH paté de foie gras, Greek ouzo, German beer and other traditional European specialities may be safeguarded from artificial additives under proposals agreed by European Community internal market ministers yesterday during lengthy debate on a sweeteners directive.

However, the meeting left open how such safeguards will be put into practice.

To placate Germans – the EC's biggest beer-drinkers – ministers agreed a statement which would allow member states to maintain existing legal prohibitions on artificial sweeteners for "traditional beer or for traditional manufacturing processes for beer".

Mr Piet Dankert, Dutch European affairs minister and president of the internal market council, said: "The idea is that the same principles could *be adopted in future for other* products."

However, it is unclear whether the declaration can be transformed into a legal text, and how member states will define "traditional processes". As it stands, the declaration would allow brewers from all EC countries to set up in Germany, and use artificial additives *in their beer, but not to* describe the product as "traditional German beer".

Separately, ministers reached informal political agreement on four pharmaceuticals directives covering labelling, legal status, wholesaling and advertising. On the last measure, they agreed that drug companies could continue to sponsor scientific conferences and use *"before and after"* advertisements showing the effects of a product, provided they were not misleading or frightening.

Member states will have discretion over the amount of technical data which has to be printed when advertising drugs in medical journals.

TETRA PAK, the Swiss packaging group, has received formal EC approval for its SKr16.25bn (£1.5bn) bid for Alfa-Laval, the Swedish dairy and food processing equipment company.

Suspension of the bid was lifted at the end of May *because Brussels did not* want to hold up the merger. Formal approval had to wait until the case had cleared various official procedural hurdles.

The Commission had been worried about the possible impact on rival manufacturers of a merger between a packaging group and a processing group, which would be able to supply dairies, for example, with an entire cow-to-carton production line.

But the Commission said yesterday that its inquiry *had shown that* "the ability to offer both types of machines under a single aegis would not materially benefit the merged undertaking compared to its non-integrated competitors".

Defence *détente*: General Colin Powell (right), US Armed Forces Chief of Staff, and his Soviet counterpart, Gen Mikhail Moiseyev, take the salute from a guard of honour after Gen Powell's arrival in Moscow yesterday for a six-day visit

Comecon's divorce bogged down in property squabble

By Leyla Boulton in Moscow

AS IN MOST *divorces*, Comecon, the Soviet-led trading organisation, has become bogged down in a row over property, as the Soviet Union and its former Communist satellites try to put an end to their 42-year partnership.

Next Monday, representatives of the nine member states – the Soviet Union, Poland, Hungary, Czechoslovakia, Romania, Bulgaria, Vietnam, Mongolia, and Cuba – will try again to agree on a value for Comecon assets, featuring a Moscow skyscraper and a hotel.

The Soviet government has told its partners it is going to buy them out of the 30-floor skyscraper, which houses Com*econ headquarters on a prime* site overlooking the Moscow river. The member states, already unhappy about giving up the building, were horrified *to find that Moscow was offer*ing a mere Rbs31m ($16.8m at the commercial rate).

This amount, to be divided among the nine, is the book value based on the contribu*tions of Comecon states* in the 1960s for the construction of what, it must be admitted, is an ugly edifice. However, it is clear that this cannot reflect the building's present value. According to one estimate, based on supply and demand in Moscow, the building could fetch up to Rbs900m.

The eastern Europeans had initially sought to keep the skyscraper as offices for their own business people to pursue trade with the Soviet Union. But Moscow, invoking a 1989 *clause which blocks any dis*posal of Comecon property without its agreement, is giving its partners no choice in the matter.

The Soviet state is determined to reclaim the building, although the price is still negotiable. Meanwhile, the other delegations are desperately trying to work out a value for the *building – no mean task*, given the skewed nature of Soviet accounting and the absence of a real property market in the Soviet Union.

As for the Mir Hotel next door, that is the subject of a separate dispute, where the Soviet side is said to have simply cancelled its partners' claims on the establishment. The Soviet Peace Committee, meanwhile, has had no qualms about asking Comecon to give away its holiday complex outside Moscow – to a charity for the victims of Chernobyl.

The issue must be resolved by September 28, the date set for the final liquidation of Comecon.

NEWS IN BRIEF

Germans at odds, opinion poll shows

EAST and west Germans like each other less than they did when their two countries united last October, according to an opinion poll published yesterday, Reuter reports from Bonn.

The poll in Der Spiegel magazine, the first to compare the mood throughout Germany in mid-1991 with that when East and West Germany merged, showed a nation still deeply divided.

Easterners and westerners agreed on little more than that unification was proving more difficult than expected.

West Germans, asked how much they liked easterners on a scale of -5 to +5, gave them just 1.1, down from a score of *2 last October. East Germans'* liking for their wealthy compatriots fell to 1.7 from 2.7.

Contradicting the optimism of politicians who say Germany is growing together, large majorities in both parts of the country agreed with the statement: "Only after unification has it become clear how different east and west Germans are".

● German communist leader Gregor Gysi said yesterday his party had begun a campaign of civil disobedience to protest against the freezing of its assets by the government's privatisation agency, Reuter reports from Berlin.

Mr Gysi said he had locked all documents on the assets of *his Party of Democratic Social*ism (PDS), sought by officials investigating the wealth of former East German parties, in his office and would defy attempts to seize them.

Turkish party outlawed

Turkey's constitutional court ruled yesterday that the country's communist party was illegal and ordered it to close, Reuter reports from Ankara.

***It said its manifesto* included unconstitutional principles aimed at establishing the supremacy of one social class over others, the semi-official Anatolian news agency reported.**

Turkey's chief prosecutor, Mr Haluk Yardimci, asked the court in June 1990 to order the closure of the United Communist party (TBKP) 10 days after its formal launch.

Dubcek quits reform movement

Reformist politician Mr Alexander Dubcek has quit the Public Against Violence (VPN) movement he co-founded 20 months ago, and which helped overthrow communist rule in Czechoslovakia, Reuter reports from Prague.

"I have quit VPN because it abandoned centrist policy," Mr *Dubcek told the state news* agency CTK on Sunday.

Political analysts said VPN, which is part of the governing coalition, had moved rightwards while Mr Dubcek, a parliamentary chairman, had joined criticism of the government's tough economic reform programme.

Romanian jailed for genocide

The former head of the late President *Nicolae Ceausescu's* Securitate secret police was found guilty yesterday of abetting genocide. He was sentenced by the military's supreme court to nine years in prison, AP reports from Bucharest.

In its 3:0 decision, the court changed the charge against General Iulian Vlad without explanation from "complicity in genocide", which carries a maximum life sentence, to the lesser "favoring genocide", with a 10-year maximum.

***The court also* stripped Gen Vlad of his rank.**

His lawyer said he would appeal.

Cyprus and Iraq on Hurd agenda in Ankara

By Mark Nicholson in Istanbul

MR Douglas Hurd, UK foreign secretary, yesterday flew into Turkey as US President George Bush left for home.

Cyprus will be on the agenda of his talks with Mr Turgut Ozal, the Turkish president, and Mr Mesut Yilmaz, his prime minister, although UK *officials are concerned that the* "routine" visit should not seem part of a concerted drive to put pressure on Ankara.

The US president made strong appeals in both Athens and Ankara, during his visits over the past few days, for Greece and Turkey to meet regarding Cyprus, under the terms of Turkey's proposed formula of talks embracing Turkey, Greece and representatives of *the Greek and Turkish* communities on the island.

The British officials were keen to deny any significance in Mr Hurd's timing, stressing that his visit was a rescheduling of his trip in January, which he broke off early to attend an emergency Council of Ministers meeting in Brussels on the Baltic states.

Even so, Turkish officials said yesterday they expected *Mr Hurd to add his support to* the quadripartite formula over Cyprus. Greece, which has suggested instead talks which also include the permanent members of the UN Security Council, yesterday repeated its initial negative response to the Turkish proposal.

Mr Hurd will also discuss the rapid deployment force stationed in eastern Turkey to deter Iraqi aggression against the Kurds, to which Britain has committed a company of Royal Marines. Turkish foreign ministry officials said some details of the force's constitution and command were still to be worked out in discussions today.

British diplomats said Mr Hurd's visit, which will last a little over 24 hours, is also seen as an opportunity for him to make acquaintance with Mr Safa Giray, Turkey's new foreign minister, who succeeded Mr Yilmaz when the latter was appointed premier in June.

AMERICAN NEWS

US Congress approval of IMF funds uncertain

By Peter Riddell, US Editor, in Washington

EARLY APPROVAL by the US Congress of the 50 per cent increase in the International Monetary Fund's resources, already agreed by member governments, looks increasingly uncertain *because of objections* by key Democrats on the Senate and House appropriations committees.

The House version of this year's appropriations bill on foreign operations contains no allocation for an IMF quota increase and Senator Patrick Leahy, chairman of the Senate appropriations sub-committee *for foreign operations*, has expressed doubts about the increase.

The US Treasury has pressed repeatedly, in public testimony and private lobbying, for the $60bn increase, of which the US share would be $20bn. Officials have argued that expanded resources are necessary if the IMF is to grant loans needed to sustain economic reform in eastern and central Europe and in Latin America.

They maintain that the quota increase is therefore in the US national interest and *that the IMF has met past US* requests on clearing up arrears in payments from borrowers.

Congressional sensitivities over this issue explain why the US has supported only special associate membership for the Soviet Union in the IMF and World Bank, and why the question of full membership – hence access to financial resources – is still some years away. *There* would be widespread congressional opposition to full membership without evidence that the Soviet Union had moved towards a market economy.

Criticism of the IMF quota increase ranges from liberal Democrats concerned that it is not doing enough to help the environment and the poor, to conservative *Republicans alleg*ing that its loans prop up socialist and communist regimes.

Senator Leahy argues that the IMF has not responded sufficiently to a 1989 law urging more attention to environmental preservation in its programmes.

The senator has been quoted in the *New York Times* as saying: "The IMF kind of treats it [the Senate] with an Olympian disregard, that mere mortals at the US Senate couldn't possibly understand all the decisions they have to make. We mere mortals, however, can't understand why they need all that money."

The administration is likely *to step up pressure* on the key legislators to agree to the quota increase for the next fiscal year.

In the past, congressional approval of quota increases has been a cliffhanger, the last change being dependent on a deal with the then chairman of the House banking committee involving housing subsidies.

British Columbia poll decision expected soon

By Bernard Simon in Toronto

BRITISH COLUMBIA'S new *premier, Mrs Rita Johnson, is* expected to decide within the next few days whether to call an early election in Canada's westernmost province.

She emerged as successor to the colourful Mr Bill van der Zalm at a Social Credit party convention in Vancouver at the weekend. The latter was forced to step down three *months ago after disclosures of* conflict of interest in his dealings with a wealthy Taiwanese investor.

Mrs Johnson has promised to try to unite a party which has been sharply divided in recent years over its leadership *and policies.* Social Credit's policies are among the most right-wing in mainstream Canadian politics.

The next provincial election must be held before the end of this year. However, the party is running well behind the left-leaning New Democratic Party in public opinion polls.

The NDP, which is favoured *to win, could be hurt by the* recent performance of its counterpart in Ontario, which has trebled the provincial deficit and imposed a more ideological form of government than Canadians are used to.

Prosecutor urges life for Argentine mutineers

By John Barham in Buenos Aires

AN ARGENTINE prosecutor yesterday demanded life sentences for the leaders of the short-lived army mutiny of last December.

In his closing statement at the trial of 15 rebel officers, Mr Luis Moreno Ocampo, chief federal prosecutor, said the uprising was an attempted coup d'état through which the rebels had planned to reimpose a military dictatorship.

On December 3, right-wing army extremists seized key military installations in central Buenos Aires and mobilised armoured units in the interior of the country. Their principal demand was that Colonel Mohamed Alí Seineldín, the rebels' leader, be made army commander. However, the overwhelmingly loyal armed forces crushed the uprising in 14 hours, at a cost of 13 lives.

A summary court martial in January sentenced Col Seineldín to life imprisonment. However, Argentine law requires the civilian federal appeals court to review the military sentence. The civilian trial has proceeded smoothly, despite occasional bomb hoaxes and threats against the judges. A decision on the sentence is expected in August.

Sandinista party delegates digest a pre-cooked meal

By Tim Coone in Managua

HARD-LINE leaders within the Sandinista Liberation Front (FSLN), Nicaragua's principal opposition party, look set to retain control for the next four years, following a three-day congress at the weekend, which was the first since the FSLN was founded in secrecy 30 years ago.

There were *expectations* that the FSLN would re-evaluate its autocratic style of leadership after its defeat in general elections in February 1990 by President Violeta Chamorro's centre-right UNO alliance.

However, the 580 delegates had the choice of voting either for or against a single slate of candidates for the party's 10-man central committee (Dirección Nacional-DN).

The list included eight candidates from the old guard *leadership that has* led the party since 1979. The number of abstentions and votes "against" the slate have not been released.

One moderate, the country's former vice-president Mr Sergio Ramirez, has been included in the "new" DN but his room for manoeuvre will be limited.

The congress did approve giving control over the DN to an elected 120-person assembly, but the assembly may have difficulties overcoming *the largely "rubber-stamp"* function that it has held in the past.

Mr Daniel Ortega, the party's leader and now the secretary-general of the party, promised that at the next congress, to be held in 1995, there would be more open elections for the central committee.

One FSLN dissenter said: "I hope it will be better than this one, which has been like one of those pre-prepared meals you put in a microwave oven to heat up."

The Financial Times (Europe) Ltd Published by The Financial Times (Europe) Ltd., Frankfurt Branch, (Guiolettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd. 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Sonatrach to look at plan for $400m plant

By William Dawkins in Paris

SONATRACH, the Algerian state oil and gas monopoly, has signed an agreement to carry out a feasibility study with Total and Agip, respectively the French and Italian government-controlled oil and gas groups for a $400m (£242m) plant in Algeria.

The plant, at Arzew in the north of the country, would make MTBE, an important ingredient of unleaded petrol, and is expected to come into production two to three years hence, said Total. Ownership is expected to be equally divided among the three partners and output of about 600,000 tonnes a year would be partly for their own use and partly for export. The first stage will be to select an engineering group to start technical studies, on the basis of which final details would be agreed.

This marks a new stage in the growing collaboration by Total and Sonatrach, which took a big step forward in May, when the pair signed five oil and gas development, operation and exploration contracts.

Algeria offers oilfield stakes

MR Sid Ahmed Ghozali, the Algerian prime minister, has proposed a radical change in energy policy which would permit international oil companies to buy a stake in oil fields currently in production, writes Francis Ghilès.

Foreign oil companies had 51 per cent of their assets nationalised in 1971, a percentage increased to 100 per cent by the late 1970s. Only Total has retained a one-third stake in the small Mereksen field.

Since 1986, oil exploration policy has been slowly liberalised. A number of foreign companies have been attracted back and spent $500m (£302m) over the past five years. This could be increased when a double taxation agreement with the US is concluded, bringing the hope of investments from such major US oil companies as Chevron, Amoco and Texaco.

International oil and gas companies are also hoping that Mr Nordine Ait Laoussine, Algeria's new minister of energy, might go further and allow foreign companies which were drilling for oil and discover gas, a stake in the production and export of that gas.

The recent agreement between Algeria, Spain and Morocco to build a second gas pipeline across the Mediterranean and the Italian-Algerian agreement to double the capacity of the existing gas pipeline to Italy, would strengthen such a policy shift.

The changes suggested by Mr Ghozali last week would help Sonatrach boost secondary recovery and thus production in the oil fields around the major production center of Hassi Messaoud. The current average recovery rate is 18 per cent compared with 35 per cent in the North Sea and 60-70 per cent in Louisiana, where conditions are comparable with those in Algeria.

The foreign investment from such a policy change would help to reduce Algeria's borrowing needs and increase income much needed to service its large foreign debt.

EC to probe recordings piracy in Thailand

By Andrew Hill in Brussels

THE European Commission is to investigate the widespread piracy of sound recordings in Thailand, which the EC recording industry says has cost it Ecu200m (£140m) over the last 10 years.

The EC investigation will be pursued under rarely-used 1984 legislation aimed, in part, at protecting EC industry against illicit commercial practice. If the complaint is upheld trade sanctions could be imposed.

EC record manufacturers alleged that Thailand was breaking the Berne convention on copyrights by not providing protection against piracy.

The EC move will add to the international pressure on Thailand to take on patent and copyright pirates. In April, the US picked out Thailand, India and China for priority action under its 1988 trade act.

Thailand adopted a copyright law in 1978 which seemed to conform with the Berne convention, but the European bureau of the International Federation of Phonogram Industries says because that pirate recording is such a big operation in Thailand the law is not providing sufficient protection.

France warns on Uruguay Round

By William Dawkins in Paris

FRANCE will not surrender its agricultural and industrial policies in the Uruguay Round of talks under the General Agreement on Tariffs and Trade (Gatt), Mr Dominique Strauss-Kahn, French industry and foreign trade minister, has warned.

He dismissed as "unbalanced" and "to the detriment of Europe" latest options for agricultural reform tabled by Mr Arthur Dunkel, Gatt director-general, to try to relaunch the stalled negotiations on the future of Gatt.

In a paper indicating that France will push for a tough European negotiating stance in the talks, Mr Strauss-Kahn warns: "There is a great risk that Europe may align itself with the lowest common denominator."

He exhorts France's European partners not to accept an agreement in Gatt without considering the costs. After all, the volume of world trade rose by 2.5 percentage points annually between 1986 and last year, while there was no agreement on Gatt reform, he points out.

He stresses that France, like other Gatt partners, wants to bring the stalled talks to a conclusion by the end of the year.

He regrets that the European Commission is "only defending half-heartedly" the EC's compromise proposals on agricultural reform, made last November, and that there has been no concession in response from Washington. "It would be extremely regrettable if the US became the only granary of our planet," he adds. Since the EC is the world's largest importer of food, accusations of protectionism are out of place.

On industrial trade, Mr Strauss-Kahn promises a firm response to the US legal challenge to state subsidies for the European Airbus consortium: "It is up to us strongly to defend Europe's right to develop its aeronautics industry. Whatever the outcome of the procedures under way, we will not give up."

Strauss-Kahn: options are "unbalanced" for Europe

HK opens airport bids to China

By Angus Foster in Hong Kong

HONG Kong yesterday cleared the way for Chinese construction companies to play a greater role in tendering for contracts related to the colony's new HK$98.6bn (£7.6bn) airport.

Mr Richard Allen, chief executive of the Provisional Airport Authority (PAP), said he will write to consortia bidding for one of the main contracts, asking whether they want to reconsider their memberships.

This follows a memorandum of understanding reached three weeks ago by Britain and China. It said the airport should go ahead, subject to certain conditions. The memorandum also stated Chinese construction companies should compete "in the normal way" for projects connected to the airport plan.

Mr Allen said he would write to consortia which had applied to pre-qualify for the new airport site formation contract. The project is estimated to cost HK$9.3bn at end of 1990 prices.

Pre-qualification ended two months ago but the Provisional Airport Authority was allowing consortia to reconsider, "according to the spirit of the memorandum of understanding," Mr Allen said.

● Wharf (Holdings), the property company controlled by the family of Sir Yue-kong Pao, has awarded a HK$2bn construction contract for its Times Square project to Hip Hing Construction Company. The project involves the redevelopment of a site in Hong Kong's Causeway Bay.

S Korea N-power contract for US

By William Dullforce in Geneva

ABB Combustion Engineering, US subsidiary of Europe's biggest electrical engineering group, has won a contract worth more than $200m (£121m) from the Korea Electric Power Company to build two nuclear power plants.

The new plants, each of which will generate 1,000 MW, will be built at Ulchin in South Korea and are due to come into commercial operation in 1998 and 1999.

A protectionist virus in Brazil's computer plans

Christina Lamb reports on some shortcomings of liberalisation

WHEN Brazilians want to say something is pretty crazy, they call it *louco* – a word that could have been invented for dealing with the country's laws on information technology.

Years of protectionism and a largely unsuccessful attempt to build an efficient, home-grown computer industry have created a nightmare for industrialists trying to run modern operations.

Most business people or journalists trying to enter the country with a foreign personal computer have felt a sinking feeling when watching a customs officer sniff out the offending item.

Brazil is one of the world's 10 largest economies yet, so rare is a portable computer there, that taking one out at an airport immediately attracts a small crowd.

This is largely because of the 1984 *informática* law which set up a market reserve at home for Brazilian products and prevented the import of electronic goods, ranging from fax machines to micro-computers.

> Foreign producers could still be barred from big contracts and excluded from tax benefits

Although computer sales by Brazilian industry have rocketed from the equivalent of $1.8bn (£1.09bn) to $7.4bn since the reserve was created, Brazilian models are outmoded and sell for three times the price of their foreign counterparts. Mr José Goldemberg, science minister, says maintaining this last bastion of protectionism means Brazil is now probably a generation behind in computer technology.

As of October 29 1992, all this should change. Last month, a bill to end the market reserve for Brazilian products from that date, and allow foreign companies to set up operations in Brazil, was passed by the lower house of Congress. (Senate approval is still pending.)

At first sight, it seemed that a war had been won against the nationalist tendencies in Congress, which had been hampering President Fernando Collor's free market plans. But Brazilian computer manufacturers were surprisingly ambivalent to the news that they would be forced to compete with international giants.

Suspicions were raised; analysts found that many provisions in the draft legislation may make less of a difference than initially seemed the case.

Mr Georges Fischer, a lawyer specialising in information technology, points out: "We're hardly going to see a flood of imports when import taxes on computers are still 140 per cent." As for the entrance of foreign companies, Mr Gregório Diaz, president of the US company Microsoft in Brazil, asks: "Sure they can set up – but can they operate?"

Mr Diaz claims that the new bill is such a jumble of regulations and stipulations that foreign companies could still be prohibited from production and excluded from benefits, such as tax exemptions, that national companies will receive. They might also be barred from competing for government and state contracts – the industry's main source of income.

This view is echoed by Mr Roberto Campos, congressman and former planning minister, who is one of Brazil's leading advocates of liberalisation yet voted against the bill, which he described as an "outrageous intervention".

In his weekly newspaper column, he has pointed out that the new bill includes such bizarre provisions as the creation of employer-worker councils to approve the introduction of new technologies which, he says, could allow the workers of a foreign-owned company to veto the purchase of even an adding machine.

No one doubts that, if free and fair competition were introduced, many of Brazil's 160 computer manufacturers (and 1,673 related companies) would go under, particularly small ones. Also, the larger companies would be forced to find foreign partners for technology transfer.

Scopus, the company which pioneered Brazilian micro-computers, is trying to protect its future by setting up three joint ventures. Mr Cândido Leoneli, company president, says he welcomes the bill, in that it would end uncertainty: "The market is paralysed because people keep reading they can soon import, so they have been deferring purchases."

But Mr Leoneli complains: "The new law is not explicit enough in defending local companies, whether they are nationals, foreign or joint ventures. It is not viable for Brazil to become an importing country – we don't have the billions of dollars."

He denies that the reserve has hindered modernisation and insists that, in some areas, such as bank automation, Brazilian companies can compete with foreign manufacturers:

> Many of Brazil's 160 computer manufacturers would go under if there were free competition

"It's absurd to say Brazilian industry is backward because of the reserve. It is backward because of the mentality of Brazilian businessmen."

However, Brazilians may still have to wait before modern information technology is readily available. With Brazil still a tiny market, despite having a 150m population, there is unlikely to be an influx of foreign companies. For them, it makes more sense simply to wait until import tariffs are lowered, as promised, and then export to Brazil.

National companies, too, have been given little incentive to become competitive by the October 1992 deadline, as the import of necessary inputs also remains prohibited until then, and investment is scarce because of the present recession. In the meantime, the main beneficiary of the Brazilian market will be the smugglers who, last year, provided 57,000 of the 150,000 micro-computers sold in the country.

Kurds and Iraq army in tense test of strength

By Lamis Andoni in Sulaimaniya

IRAQ'S northern city of Sulaimaniya, which witnessed a fierce upsurge in fighting last week, has become a test of strength between the regular army of President Saddam Hussein and Kurdish militias who drove his forces back to the outskirts.

The Iraqi army continues to surround the city and is on full alert as negotiations continue between Kurdish opposition leaders and the government in Baghdad.

Although the situation remains tense and travel is prohibited at night between Kirkuk and Sulaimaniya, the government and Kurdish militias appeared concerned not to allow the clashes to develop into full confrontation or to disrupt two-month-old negotiations on Kurdish autonomy.

The government and the Kurdish Democratic party are said to fear that a deterioration in the situation could be used by US-led allied forces as justification for renewed military intervention in Iraq.

The Kurdish militias, mainly belonging to the Kurdish Democratic party of Mr Massoud Barzani, are hoping their strong presence on the ground will provide for a more powerful hand in negotiations with the Iraqi government.

The militias in Sulaimaniya have not tried to take over government institutions even though they practically control official buildings and troops of the regular army could not escort reporters inside the city.

The governor of the city, appointed by Baghdad, received reporters in his office, which was guarded by the opposition's militias.

The government has accused Iranian-backed insurgents of provoking the fighting, which spread to other areas, including the city of Irbil. Militia leaders accused the army of trying to exploit the clashes to crack-down on the Kurdish party's political and military presence.

The militias claimed they had captured about 6,000 Iraqi soldiers and were holding them in mountain villages, including Halabshe. Inhabitants accused the army of shelling the city with phosphorous bombs but there were no signs of such shelling.

PRINCE Sadruddin Aga Khan yesterday briefed the UN Security Council sanctions committee on Iraq's need for food and medicine and again said Iraq should be allowed to sell some oil to pay for necessities, AP reports from New York.

Diplomats said Prince Sadruddin, the top UN official for humanitarian aid in the Gulf, reviewed the findings of a 59-page report released last week in Geneva.

Buthelezi's scorn fails to dilute scandal

Patti Waldmeir reports on difficult times for South Africa's prime political spoiler

CHIEF Mangosuthu Buthelezi, leader of the mainly Zulu Inkatha Freedom Party, is an irascible man at the best of times. But the past few days of political scandal in South Africa have sent him into a blind rage, as his reputation has sunk under the weight of proof that his party has received substantial funds from Pretoria.

"The government's attempt to bolster Inkatha's waning support by clandestine gifts... has had the perverse result of pinning to that organisation the label it most dreads: puppet of the apartheid government," the Johannesburg Sunday Times commented in an editorial.

This in turn has raised questions about the true level of Inkatha's popular support, as well as its suitability as a potential future electoral ally of the National Party government. Though government officials insist they are pursuing no such alliance at the moment, they have conceded in the past that Inkatha would play a crucial role in a future moderate alliance which they believe could defeat the African National Congress (ANC).

Given the behaviour of Chief Buthelezi in recent days – he continues to deny any knowledge of government funding, despite the existence of documentary proof (an internal police memo whose authenticity has not been challenged) that he knew of at least one payment and thanked the donor profusely for it – questions must also arise about his fitness to lead Inkatha.

His reaction when first confronted with evidence that security police had channelled R250,000 to Inkatha to fund rallies was to dismiss it as "bullshit". When asked by journalists whether further sums had been received, he replied disingenuously "your guess is as good as mine".

Shared platform: Buthelezi and the law and order minister, Mr Adriaan Vlok, at an Inkatha rally

The damage to Inkatha's image – and to the credibility of Chief Buthelezi, long favoured by western governments because of his support for free market economics and opposition to sanctions – is severe. The published police memo which provoked the scandal demonstrates a close link between Chief Buthelezi and Pretoria's security police. It would require a large leap of faith – one which few are now prepared to make – to believe that this collusion ended with the purchase of banners for Inkatha rallies.

The ANC has long said that Inkatha and the police are jointly complicit in the violence which has left some 10,000 people dead in the past five years. And there has recently been evidence that senior Inkatha figures were personally involved in violence: Mr Samuel Jamile, deputy minister in the KwaZulu government and thus a subordinate of Chief Buthelezi, was recently sentenced to life imprisonment for murder.

Perversely, the recent violence in townships near Johannesburg appears actually to have bolstered Inkatha support; the uneducated Zulus of township hostels have looked to Inkatha to protect them. But overall, according to a recent survey conducted by the University of the Witwatersrand's Centre for Policy Studies, only 5 per cent of urban blacks support Inkatha.

That figure would almost certainly be higher in Inkatha's home base of Natal province. But the figures must cast doubt on Inkatha's claim to negotiate as an equal partner with the ANC and the government. Chief Buthelezi's support is, and has always been, regional.

The ANC believes the Johannesburg violence of the past year reflects an attempt to command a national base for Inkatha; so far, if the latest poll figures are to be believed, it has had only limited success.

Polling totals may not accurately reveal Chief Buthelezi's true power over the negotiating process: conventional wisdom has had it that the Inkatha leader could bring talks to a halt at any time. But his ability to act as a spoiler must depend ultimately on the degree of support he enjoys from the security forces; and the current scandal could well result in that link being significantly weakened, if not broken altogether.

Chinese growth tops 6% despite flood chaos

CHINA'S economy grew at a healthy 6.1 per cent in the first half of 1991 despite devastating floods and industries saddled with debt, but a senior official gave warning yesterday that serious problems still threatened the economy, Reuter reports from Beijing.

In the first half of last year, GNP registered only 2.1 per cent growth over the first half of 1989. The good news came despite floods in the eastern part of the country which began in May and have turned fields into lakes, killing more than 1,700 people and causing more than $7.5bn (£4.6bn) in economic damage.

Serious problems that have plagued the economy for months still remain. Zhang Zhongji, the spokesman for the state statistical bureau, pointed to inflation and debt-ridden, inefficient state-run industries that churn out unwanted, low-quality goods like refrigerators, televisions and motorcycles. Stockpiles of unwanted, unbought products grew by about $4bn in the first five months of the year.

Urban inflation is also rising again, a worry to Beijing's leaders who remember the pro-democracy unrest of two years ago which was set off in part by runaway prices in the cities.

The cost of living in June in cities was 10.9 per cent higher than June 1990 as higher prices for services, rice, flour and cooking oil took their toll on residents, Zhang said, even though in the country as a whole retail sales inflation grew only 1.8 per cent.

Beijing and Hanoi to resume talks

China and Vietnam are arranging a special meeting to discuss the Cambodian conflict and other issues that have strained their relations, a Foreign Ministry spokesman said yesterday, Reuter reports from Hanoi.

"In order to promote further the improvements of relations between the two countries and to carry out exchanges of views on problems of mutual concern, including the Cambodian issue, Vietnam and China are making arrangements for meeting in the coming period," a ministry spokesman said. Beijing has reportedly asked Vietnam to send a member of its politburo and a deputy foreign minister to China.

Crisis deepening in Madagascar

Madagascar's opposition headed for a showdown with security forces yesterday as its leaders tried to reach ministries sealed off by armed guards, Reuter reports from Antananarivo.

Army and police officers armed with rifles, batons and shields closed government buildings and stopped traffic around government offices after the opposition told a mass rally it would attempt to install two of its own "ministers" by force. Protesters filled main roads and shopkeepers closed their doors as tension in the capital mounted.

Manila setback on Marcos 'loot'

Zurich's district attorney said yesterday he has suspended judicial assistance to the Philippines concerning funds allegedly looted by former President Ferdinand Marcos and his family, AP reports from Zurich.

Mr Peter Cosandey said Zurich would provide no more legal aid until Manila gave a proper explanation about the activities of a government agent accused of trying to tap into Swiss bank computers.

Burma 'a hell for human rights'

An influential US senator has called Burma "a hell for human rights" and said President George Bush's administration intended to impose economic sanctions on the Asian nation, Reuter writes from Washington.

Sanctions "should come as a powerful warning that foreign investors who seek quick profits in Burma through exports to the US market should think again", said Senator Daniel Patrick Moynihan, a member of the Senate foreign relations committee.

W Australia oil disaster averted

An ecological disaster along Australia's western coast is likely to be avoided after the country's worst oil slick began drifting out to sea, authorities said yesterday, Reuter reports from Sydney. The Greek oil tanker Kirki, which poured 12,000 tonnes into the ocean and created a 25km slick after it broke up, was being towed to smoother waters where its remaining 68,000 tonnes of oil could be transferred.

Delhi row on industry policy

By K.K. Sharma in New Delhi

INDIA'S new industrial policy aiming at sweeping deregulation to facilitate foreign and internal investment has been delayed by sharp cabinet differences.

The policy, which was to have been announced last week, is expected to be presented to parliament tomorrow, just before the government's annual budget, or the next day.

The principal cabinet differences are believed to be over the upper limit of assets of large Indian industrial houses for purposes of deregulation, and the right to close down "sick" industries.

Critics believe the closure of thousands of "sick" units, including some in the public sector, would lead to massive unemployment and cause labour unrest at a time when the economy is already under severe strain.

At present, unprofitable units are being assisted by public financial institutions. Proponents of deregulation feel the right to "exit" should be part of the industrial policy.

The cabinet has also discussed in detail whether to raise the upper limit of assets of companies now governed by the Monopolies and Restrictive Trade Practices (MRTP) Act.

At present this is a low Rs1bn ($23.8m). The new policy has proposed it be raised to Rs10bn but there is considerable resistance.

So-called monopoly houses are banned from starting new industries without government permission which, at present, is not given unless the investment is in high-tech areas or aimed at increasing exports. There is pressure to relax this curb. There is no real opposition to relaxing curbs on foreign investment.

Trading partners at odds with Asean over regional security

EAST ASIAN countries and their main trading partners took opposing stands yesterday over the future of US and Japanese military involvement in a post-Cold War security arrangement for the region, writes Lim Siong Hoon in Kuala Lumpur.

The issue has moved up the agenda during meetings in Kuala Lumpur of members of the Association of South-East Asian Nations (Asean) and its "dialogue" partners – Australia, Canada, the EC, Japan, New Zealand, South Korea and the US.

Trade and regional politics have usually pre-occupied Asean ministerial meetings, which are followed by separate sessions with the dialogue partners.

Asean has been refusing to subscribe to any regional security alliance, maintaining that such an arrangement could compromise its neutrality in dealings with the US and Soviet Union. But this situation has changed rapidly, particularly after a US decision to cut its Pacific military forces by at least 10 per cent by December 1992, and since the Gulf war, which the US sees as providing potential "lessons" for the Far East.

In March, US military and Defence Department officials advocated the security doctrine of "co-operative vigilance", which calls for a network of military-to-military relationships with Pacific Asian countries. The officials see the US as the network's chief organiser.

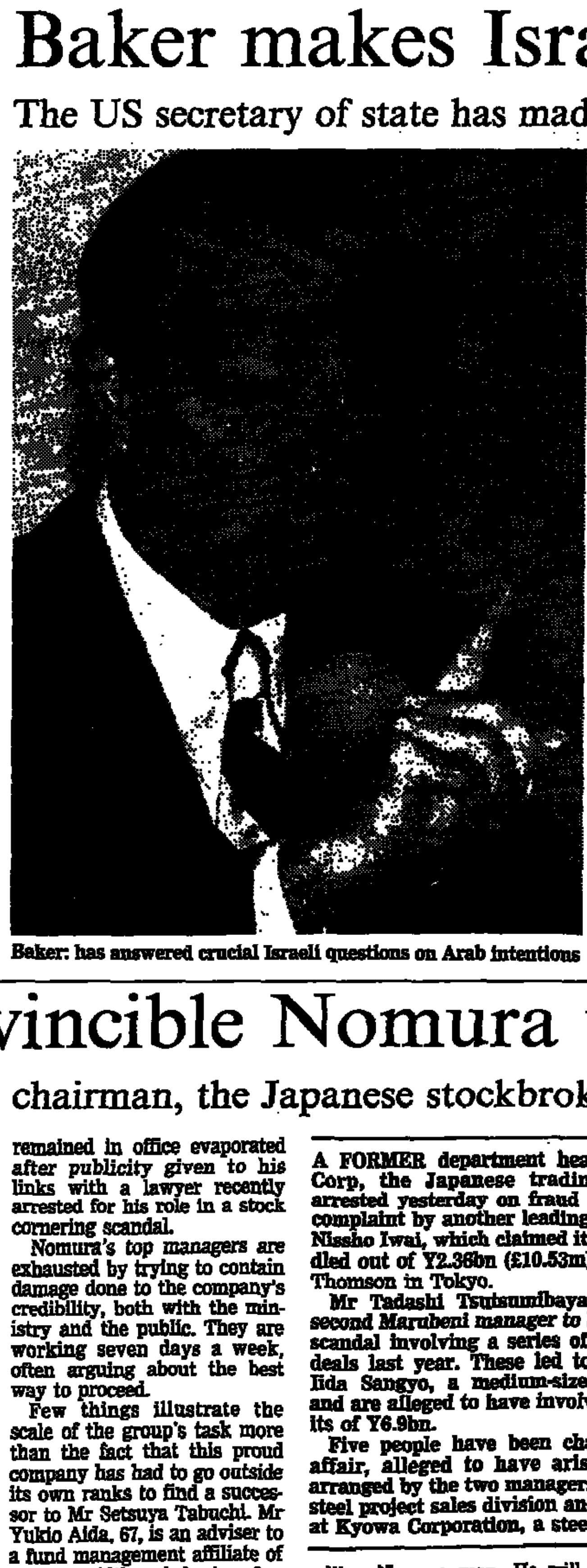
Both Australia and Japan emerged yesterday as the chief backers of the idea. However, the US doctrine threatens to draw into the network Asean members – Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

At the weekend meeting of its foreign ministers, Asean adopted a low-key, non-committal position on the issue of security.

Yesterday, however, Malaysia openly challenged the "phased transformation" of a defence arrangement. Mr Abdullah Ahmad Badawi, foreign minister, said: "The creation of a military bloc would invite establishment of a counter-bloc. Focusing only on the narrow military aspects of security would distort national perceptions on relations between nations."

Baker makes Israel offer it may be loath to refuse

The US secretary of state has made it difficult for Prime Minister Shamir to say no, writes Hugh Carnegy



Baker: has answered crucial Israeli questions on Arab intentions

IN FOUR previous visits to Israel since the end of the Gulf war, Mr James Baker, the US secretary of state, got little change out of Mr Yitzhak Shamir, the prime minister, because he could not provide any real evidence to answer the key Israeli question: "Do the Arabs really want to make peace with us?"

On Sunday, things were different.

Mr Baker arrived for his fifth visit armed with the solid, public backing for his peace proposals of all the main Arab players including, most importantly, Syria. This has put Mr Shamir and his government on the spot for one critical reason.

Israel has always insisted that any peace negotiations with its Arab neighbours must be face-to-face bilateral negotiations. As happened in the negotiation of the 1979 peace accords with Egypt, the presence of the US is acceptable to Israel as a catalyst, but the essence must be a government-to-government forum.

Israel has always rejected any form of international peace conference as being bound to be weighted against it – especially one under the auspices of the UN which it regards as inherently anti-Israel. The Arabs would not negotiate seriously if they had recourse to a sympathetic conference plenum, was the Israeli argument.

The US proposal includes a conference of Middle East nations, co-hosted by the US and the Soviet Union and attended by the UN in an observer capacity.

But all the substance of negotiations is to be loaded into bilateral discussions covering disputes between, for example, Israel and Syria, and, separately, the Palestinian issue.

Thus, by winning the acceptance of the Arabs for his plan, Mr Baker was able to say to Mr Shamir that they had accepted Israel's fundamental demand for direct, bilateral negotiations.

Proof, by Israel's own previously declared terms, that they were serious about making peace.

Mr Shamir's government has also been adamant that it would not enter negotiations in which it was forced to accept in advance that a settlement would be based on Israel giving up occupied Arab territories – the "land for peace" formula.

Mr Baker says the terms of reference for the negotiations will be UN resolutions 242 and 338 which are regarded by almost every party except Israel to enshrine "land for peace". But he also says that it is recognised that there are different interpretations of 242 and 338 – thus diverting Israeli objections on that issue.

If, as many on the opposition side in Israel believe, Mr Shamir was never enthusiastic about negotiations on any terms, the Arab acceptance of the US proposals has at least made it much more difficult for him to say "no".

The severe diplomatic isolation that saying "no" would produce, and the consequent jeopardisation of the billions of dollars of financial assistance Israel now needs for Soviet immigration, adds considerably to the pressure.

But Mr Shamir has not yet said "yes".

Mr Baker appears optimistic that Israel's earlier objections to any UN presence, and to keeping open the possibility that the full conference may reconvene at some point, can be bypassed.

Much more difficult is the issue of Palestinian representation.

Again, the post-Gulf war isolation of the Palestine Liberation Organisation has meant Israel's objections to any PLO presence can probably be overcome by drawing Palestinian representatives from within the West Bank and Gaza who do not carry an overt PLO label. But Mr Shamir will not give way on his rejection of any Palestinian delegate from Jerusalem. To do so, he says, would be to compromise Israel's absolute claim to sovereignty over all of Jerusalem.

This is the issue which Mr Baker's efforts to broker peace talks more than a year ago foundered upon.

Again, the Palestinians are insisting that Jerusalem must be represented on their side, to assert their claim to at least a share of the Holy City.

Even if Mr Shamir does say "yes" to a conference, he is handily placed politically to short-circuit the process if he feels it is not going his way. Already, extreme right-wing parties in his coalition are muttering about bringing down the government.

That would not necessarily be to Mr Shamir's disadvantage.

He could soldier on, given opposition support for the peace process.

Or, more likely, he would seek an early general election.

That would delay the whole peace process for at least three months – the statutory election period in Israel – and more than likely result in a strengthening of his Likud party, judging by the opinion polls.

Once-invincible Nomura wrestles with crisis of confidence

By dismissing its chairman, the Japanese stockbroking group hopes to curtail criticism, writes Stefan Wagstyl

NOMURA Securities, the world's largest stockbroking company, is in bigger trouble than it ever expected when a series of Japanese stock market scandals first broke this year.

A month ago, the company hoped to blunt criticism by offering the head of Mr Yoshihisa Tabuchi, company president, who resigned and took responsibility for the company's misdemeanours, in the time-honoured Japanese way.

But politicians, commentators and Finance Ministry officials demanded more. So, yesterday, Mr Setsuya Tabuchi (no relation), the chairman, announced his resignation. For good measure, Mr Yoshihisa Tabuchi was forced to quit the honorary job of vice-chairman, which had been hurriedly created for him after his resignation as president.

Nomura officials believe the two men had to go if the company were to recover public confidence, following revelations that it had compensated favoured clients for losses and had dealings with gangsters.

Any possibility that Mr Setsuya Tabuchi might have remained in office evaporated after publicity given to his links with a lawyer recently arrested for his role in a stock cornering scandal.

Nomura's top managers are exhausted by trying to contain damage done to the company's credibility, both with the ministry and the public. They are working seven days a week, often arguing about the best way to proceed.

Few things illustrate the scale of the group's task more than the fact that this proud company has had to go outside its own ranks to find a successor to Mr Setsuya Tabuchi. Mr Yukio Aida, 67, is an adviser to a fund management affiliate of Nomura. Although he is a former executive vice-president of the parent company, he left eight years ago. Mr Aida will be an honorary chairman, with no executive power, but will be entrusted with the vital task of rebuilding the company's image.

He will be particularly useful abroad as he spent much of his early career overseas and speaks English. A former Nomura employee said: "Mr Aida is not a typical hard-selling Nomura man. He will be a good ambassador."

But an ambassador needs to have something to say. The task of developing a post-crisis policy for the company falls largely to Mr Hideo Sakamaki, the new president, a former executive vice-president and Mr Yoshihisa Tabuchi's right-hand man. Like Mr Aida, he is less aggressive than some Nomura officials but, unlike Mr Aida, his career has been largely in the company's core businesses of stock sales. He knows as well as anyone what impact the affair has had on Nomura's stock-buying customers.

Mr Sakamaki is also aware of the vacuum created by the resignations.

Mr Setsuya Tabuchi has been a dominant force in the company since 1978, first as president for seven years, later as chairman.

He was responsible for building the company's corporate finance division and for heading the early stage of Nomura's internationalisation.

Even when he was replaced as president by Mr Yoshihisa Tabuchi in 1985, he retained great influence, despite the fact that the chairman's office is usually less important than the president's.

To the end, Mr Setsuya Tabuchi was called "Big Tabuchi" and Mr Yoshihisa Tabuchi, about 10 years his junior, was "Little Tabuchi".

The latter, a tough-talking ex-salesman, fought hard to establish himself and, in 1987, pushed through sweeping management changes in which young men were promoted at the expense of executives beholden to Mr Setsuya Tabuchi.

He concentrated latterly on climbing to the highest reaches of the Japanese business élite. To the chagrin of conservatives, who resented a nouveau riche stock salesman in their midst, he advanced at the Keidanren, the national employers' federation. Last year, he became the first securities industry official to reach the vice-chairmanship, which he has now had to resign.

However, just as the two Tabuchis contributed greatly to Nomura's triumph, so they now bear a direct responsibility for its current débâcle.

They bred a culture of relentless pursuit of sales which turned Nomura into the world's most profitable securities company. But this led staff to deal in ways which broke the industry's moral code of conduct, as has now been revealed. Investors, who were prepared to tolerate indiscretions from brokers in the bull market of the 1980s, are far more critical in the bear market of today.

Nomura's team spirit is a byword. If any company's staff is capable of rallying in a crisis it is Nomura's, as was shown in the bear markets of the 1960s and 1970s when Nomura outpaced its rivals as effectively as in the buoyant conditions of the 1980s.

But loyal employees need to be properly led. Since the Second World War, Nomura has appointed only six new presidents. Each of Mr Sakamaki's predecessors spent, on average, more than eight years in office.

Powerful and consistent leadership contributed much to the group's success; the resignation of the two top executives at a critical moment leaves Nomura vulnerable. However talented Mr Sakamaki may be, he cannot easily regenerate the confidence with which Nomura rode through past crises.

The aura of invincibility which surrounded Nomura has gone.

A FORMER department head at Marubeni Corp, the Japanese trading house, was arrested yesterday on fraud charges after a complaint by another leading trading house, Nissho Iwai, which claimed it had been swindled out of Y2.36bn (£10.53m), writes Robert Thomson in Tokyo.

Mr Tadashi Tsutsumibayashi, 56, is the second Marubeni manager to be arrested in a scandal involving a series of fictitious steel deals last year. These led to the failure of Iida Sangyo, a medium-sized steel trader, and are alleged to have involved illegal profits of Y6.9bn.

Five people have been charged over the affair, alleged to have arisen from deals arranged by the two managers in Marubeni's steel project sales division and by executives at Kyowa Corporation, a steel frame builder that declared itself bankrupt in November with outstanding debts of Y200bn.

Marubeni insisted yesterday the company as a whole was not involved in the affair, but "we view this matter seriously and will make the utmost effort to review our management system and regain the public trust".

A Nissho Iwai official said the company regretted filing a complaint against another trading house, but felt it had no choice.

Nissho Iwai and other companies which lost money in the scandal had presumed a series of fake Marubeni steel product orders were genuine, and are alleged to have paid money in advance to Kyowa as requested by the Marubeni managers.

Iida Sangyo said the company had proceeded with the fake deals because "we trusted the Marubeni name".

WINDING-UP

Judge adjourns Bank's petition

By Raymond Hughes, Law Courts Correspondent

A SENIOR High Court judge yesterday acted to protect the position of the thousands of small depositors in BCCI and of its employees.

Sir Nicolas Browne-Wilkinson, the vice-chancellor, adjourned for eight days the Bank of England's petition for the winding-up of BCCI and laid down his conditions for granting a longer adjournment later.

He said that efforts should be made to provide some form of interim compensation for the small investors who would be the immediate beneficiaries under a statutory compensation scheme if a winding-up order were made.

Also, the judge said, the position of BCCI's employees in England, who also would have statutory protection on a winding-up, should be looked at.

He had been told that immediate statutory compensation for small sterling investors would cost about £82m, while employees would get £2m-£3m.

He also asked the government of Abu Dhabi for assurances that BCCI's provisional liquidators would be given free access to all information in Abu Dhabi about the bank.

The Bank pressed for an immediate winding-up order.

About 150 people, including many BCCI employees and depositors, lawyers and journalists packed into Court 35 in the High Court for the hearing.

Creditors included the Western Isles Council, claiming £24m; a group of 16 other local authorities, claiming about £26m; Kuwait Airways, claiming £9m; a group represented by City solicitors Richards Butler claiming about $400m (£243.9m); and another group represented by Manchester solicitors Slater Links.

Mr Gabriel Moss QC, for the Bank of England, gave eight grounds on which the Bank said a winding-up order should be made: BCCI had been managed in a dishonest and fraudulent manner; its fraudulent activities and their consequences were concealed from the Bank and other regulatory authorities; its true financial position had been concealed; its accounting records had failed to meet the required standards; there was no proper or adequate controls for managing the bank; its management had acted without integrity and with lack of skill; the Bank had no trust or confidence in BCCI's senior management; BCCI was insolvent.

Mr Moss said that, according to *Price Waterhouse*, the BCCI group treasury had lost about $849m between 1977 and 1985 and funds from various sources had been used to conceal those losses.

There appeared to be about $600m deposit liabilities not recorded in the books of any BCCI company.

Mr Michael Crystal QC, for the provisional liquidators, said 48,400 UK depositors were owed £652m.

Mr David Johnson QC read an affidavit, sworn on behalf of Sheikh Zayed bin Sultan al-Nahyan, which stated that the Abu Dhabi authorities had been "and remained" shocked by the abrupt decision to freeze BCCI's assets without consulting them.

It went on to say that if BCCI was wound up, "the majority shareholders would have no continuing interest in rescuing" it.

BCCI: The worldwide position

● BCCI (SA)

Bahrain: 8 July, the Monetary Agency of the State of Bahrain issued order requiring BCCI in Bahrain to freeze all assets and liabilities pending an investigation.
Jordan: 8 July, the Central Bank of Jordan (CBJ) instructed BCCI in Jordan that (1) the bank's branches should be closed until 9 July 1991; (2) deposit withdrawals were to be permitted up to JD100 (£900) plus 25 per cent of the balance of such deposits plus interest; (3) CBJ was to supervise operations of BCCI in Jordan; and (4) after re-opening, the bank could continue to trade on a limited basis with no new credit facilities permitted.
Yemen: 7 July, the Central Bank of Yemen issued a decree appointing a manager for the two BCCI branches and forming a committee to assess the assets of the branches.
Germany: 7 July, the German Credit Control Authority issued an order imposing a moratorium on the operations of BCCI's Frankfurt and Hamburg branches beginning 8 July.
Netherlands: 8 July, the District Court of Amsterdam appointed two administrators to investigate and oversee the affairs of the BCCI branch at the Herengracht.
California: 8 July, The California Superintendent of Banks took control of BCCI in California. On 11 July, the superintendent ordered the liquidation of BCC1 in California.
New York: 5 July, the New York Banking Department appointed the Acting Superintendent of Banks of the State of New York to take possession of the business and property of BCCI in New York for the purpose of liquidating the assets.
UAE: Branches of BCCI in the United Arab Emirates are believed to have been closed on 6 July, but there is no confirmation of any formal measures to secure assets.
Mauritius: 6 July, the Central Bank of Mauritius placed the assets of BCCI under protective control. It appointed a Touche Ross affiliate as administrator. Branch operations have been suspended and negotiations are under way to secure a going-concern sale.
Japan: 8 July, the BCCI branch in Japan was instructed to cease operations.
Cyprus: 8 July, the Central Bank of Cyprus (CBC) imposed a condition upon the licence of BCCI in Cyprus requiring the branch to abide by the closure instructions from the IML.

● BCCI (OVERSEAS)

Bahamas: Very small local operation. Still operating although was already in course of wind-down.
Bangladesh: Central bank suspended operations effective 6 July. Special auditors appointed.
Barbados: Central bank instructed branch to stop trading immediately on 6 July.
Cameroon: Operations suspended by central bank on 9 July.
Cayman: Receiver appointed 5 July. Powers derive from directions given by Governor. Application for winding up in due course. (Receiver also appointed over International Credit and Investment Company [Overseas] Ltd and Credit and Finance Corporation Ltd)
China: Peoples Bank suspended activities on 6 July and froze all assets in China.
France: Provisional liquidator appointed 5 July. Bankruptcy petition filed on 17 July.
Gabon: Operations suspended by central bank on 8 July.
India: Central bank suspended branch operations on 6 July. State Bank of India appointed provisional liquidator on 15 July.
Ivory Coast: Branch closed by 8 July and Provisional Administrator appointed.
Jamaica: Branch reported closed on 10 July. Previously depositors able to withdraw up J$50,000. Central bank inspectors and agents of Touche Ross in control.
Kenya: Branch believed to have been closed 10 July. Director of Deposit Protection Fund appointed to assess position and report back.
Korea: Branch voluntarily suspended business on 6 July. Bank of Korea imposed directions freezing assets.
Macau: Administrative Committee appointed on 12 July and activities suspended.
Maldives: Branch instructed to stop trading on 6 July. Inspection team from Monetary Authority went in on 8 July.
Oman: Branches suspended on 6 July. Arthur Andersen & Co appointed as administrators. Considering permitting withdrawals of up to OR1,000 (US$2,600) per depositor.
Pakistan: Branches remain open, but cannot conduct exchange dealings or make new loans. Depositors are being allowed to withdraw funds up to 20 per cent of balances.
Panama: Branch closed by Commission on 5 July and assets secured. Administrator appointed.
Paraguay: Central bank took control of operations on 8 July. Local currency depositors reportedly being repaid.
Philippines: Branch closed on 8 July. Central bank directed branch to put assets into escrow with it to cover local liabilities.
Senegal: Branch closed on 8 July and Provisional Administrator appointed.
Seychelles: Branch reopened for business on 8 July. Withdrawals permitted of SR$2000 (£220) in cash and cheques for any amount guaranteed in three days time by central bank.
Sri Lanka: Branch instructed to close while central bank considers further action.
Sierra Leone: Branch closed 8 July. Assets frozen.
Sudan: Branch closed by central bank on 9 July: measures taken to protect depositors' interests.
Togo: Branch closed on 8 July and Provisional Administrator appointed.
Turkey: All activities frozen on 8 July. Treasury in charge of branch.

● OTHER PARTS OF THE BCCI GROUP

Argentina: Very small operation already being wound down with view to removal of licence at end-1991. No further action taken.
Australia: Provisional liquidator appointed 8 July.
Bahamas: Subsidiary of Colombian bank controlled by BCCI still in operation (but very small). Central bank considering action necessary.
Botswana: Bank operating under direct control of Bank of Botswana effective on 7 July.
Brazil: No action taken or contemplated. Bank still operating.
Cameroon: Still operating. Representatives of local branch wish to meet with representatives of BCCI Holdings.
Canada: Superintendent took control of assets on 5 July. Arthur Andersen & Co. appointed provisional liquidator.
Colombia: Bank still operating but under special surveillance by Superintendency.
Egypt: Placed under order from Central Bank on 11 July. All assets and liabilities frozen.
Gibraltar: Provisional liquidator appointed (KPMG Peat Marwick) on 9 July.
Ghana: Management taken over by Bank of Ghana which is providing liquidity. Domestic operations now functioning normally after initial uncertainty.
Hong Kong: Commissioner suspended operations on 8 July after brief attempt to keep afloat. Decision taken on 17 July to apply for liquidation.
Indonesia: Leasing subsidiary supervised by Minister of Finance and suspended since March 1991 due to lack of capital.
Italy: Finance subsidiary does not take deposits and is not subject to Banca d'Italia supervision.
Lebanon: Supervisory action taken to safeguard interest of depositors. Staff went on strike on 8 July.
Netherlands Antilles: Finance company dormant since 1989. Already in process of liquidation.
Niger: Operation closed on 8 July and Provisional Administrator appointed.
Nigeria: Bank still operating under close watch of central bank.
Oman: National Bank of Oman still operating.
Spain: Licence revoked 5 July. Put into Chapter 11 in on 8 July.
Swaziland: Bank still operating. Central bank expressed confidence in local operation.
Switzerland: Observer from Price Waterhouse put in with powers to stop transactions if considered necessary. No transactions permitted with rest of the BCCI Group.
Thailand: BCC minority interest purchased by other shareholders. Staying open.
Trinidad: Central bank suspended operations on 5 July and took control of assets.
Uruguay: Central bank took control of assets on 8 July and appointed official to manage bank's affairs.
UAE: BCC (Emirates) still operating. Statement of confidence in local subsidiary by central bank.
Zambia: Operation remains open. Bank of Zambia has expressed confidence in financial position.
Zimbabwe: Bank open. No payments abroad without R. Bank of Zimbabwe approval.

Source: Touche Ross

PRICE WATERHOUSE

Some liabilities not in accounts, report says

By Richard Waters

PRICE Waterhouse identified $569m (£342m) of potential liabilities at BCCI that were not shown in its draft 1990 accounts, according to a report from the bank's provisional liquidators yesterday.

In a report supporting the Bank of England's winding-up petition, the three partners of Touche Ross who are acting as provisional liquidators of BCCI said that the group's balance sheet showed a deficiency of $147m at the end of 1990.

In addition, BCCI may have to take back on to its books some $4.1bn of BCCI's bad loans that had been transfered to the Abu Dhabi government under a refinancing completed on May 22.

If the bank goes into liquidation, further substantial provisions against the bank's loans may be necessary, the provisional liquidators warn.

Touche Ross was reporting only on the Luxembourg-based BCCI SA, which operated the UK branches of the group. The company accounts for about $9bn of total BCCI group assets of $23.5bn reported at the end of 1989.

If Abu Dhabi is unable to place the bad loans back with BCCI, its losses from the closure of BCCI might top $6.5bn.

Of that, $800m was spent on buying majority control of the bank in April 1990, while $400m was extra capital put into the bank at that time. The Abu Dhabi government and related agencies also had more than $1.39bn on deposit with the bank at the time it was closed.

The bulk of BCCI SA's deposits were placed in the UK, according to Touche Ross. Its report shows that its UK branches took $3.25bn of deposits on behalf of 53,000 account holders.

Touche Ross said much of its effort has been taken up with copying BCCI's records to guard against loss. The process has been hindered by the fact that the bank used a computer language now considered obsolete. In addition, all the support material and documentation was removed to Abu Dhabi on June 23.

PROFILE: LORD JUSTICE BINGHAM

No stranger to controversy

By Norma Cohen

LORD JUSTICE Bingham's appointment to head the investigation into the BCCI affair is the latest of a series of political hot potatoes to have landed on the 57-year-old law lord's lap.

No stranger to controversy, Lord Justice Bingham headed the investigation in the late 1970s into sanctions-busting trade with what was then Rhodesia, now Zimbabwe, by UK oil companies.

That report concluded that not only had the companies knowingly violated sanctions, but that government officials were aware of their activities.

Most recently, he was one of the "Three Wise Men" asked to review cases of Arabs facing deportation from Britain as security risks during the Gulf war earlier this year.

During that investigation he allowed petitioners to be represented by non-legal counsel. The court delivered a rebuff to the Home Office by allowing Abbas Shiblak, a Palestinian poet, to remain in Britain.

A controversial ruling in the Court of Appeal that an adult may seek damages over sexual abuse in childhood was made by Lord Justice Bingham, although the standard limitation for such claims is three years. He ruled that the plaintiff could not have been made aware of the extent of her injury until she was adult.

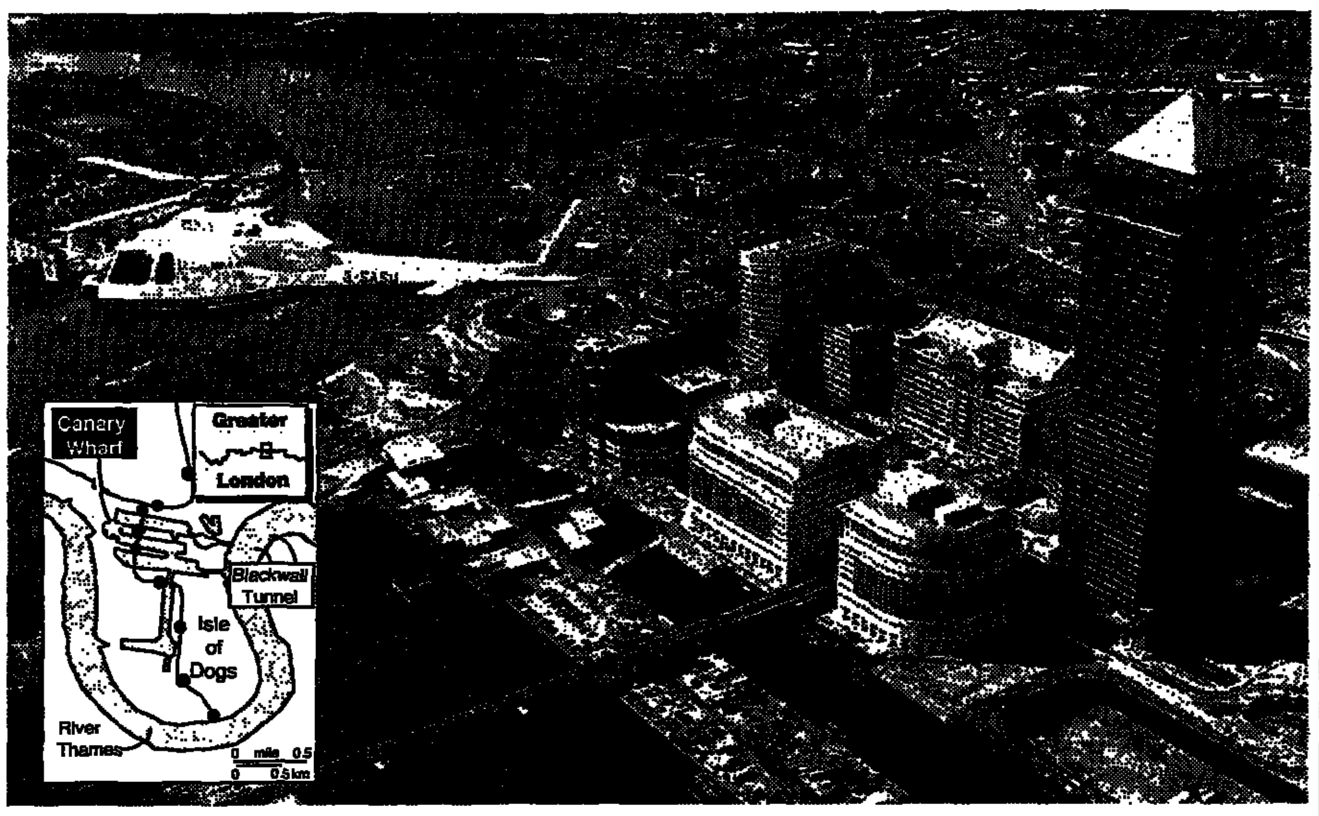
He once reduced an audience of barristers into howls of outrage by declaring that some of the Lord Chancellor's recent proposals for revamping the legal profession were sensible, and that restrictions on solicitors' appearing in higher courts were "illogical and indefensible". The legal profession, he told them, is seen by the public as "riddled with anachronistic conventions and privileges".

A wish to have a barrister define an "exotic dancer" caused a modest stir when he was hearing an appeal by a pub landlord convicted of running a disorderly house.

In spite of his history of controversy, Lord Justice Sir Thomas Bingham's background is the epitome of an establishment man.

He is decribed by barristers as one of Britain's top three judges, one of the best brains on the bench, particularly in commercial matters.

Educated at Sedburgh and at Balliol College, Oxford, he read history – rather than law, as might be expected. Called to the Bar in 1956, he gained his early experience in commercial law and served as a judge of the Commercial Court between 1980 and 1986. He is married has three children.



Wharf developers lobby Major

By Philip Stephens, Political Editor

THE developers of Canary Wharf have appealed directly to Mr John Major for government help to ensure the success of the recession-hit office complex in London's Docklands.

The approach to the prime minister from Olympia & York has prompted Mr Michael Heseltine, the environment secretary, to propose that thousands of civil servants should be transferred from central London to offices in the £4bn development.

But Whitehall officials expect the plan to run into opposition from the Treasury because of the high cost of space. Comparisons suggest that – even after generous discounts – the government would have to pay about a third more per square foot in Canary Wharf than for offices much closer to Whitehall.

The officials believe that the Treasury will oppose also a request from the Toronto-based Reichmann brothers, the owners of O & Y, for a larger and accelerated government commitment to improved transport links.

The officials said the Reichmanns told Mr Major at a meeting last month the problems facing Canary Wharf as a result of the slump in the property market and the inadequacy of existing rail and road transport to central London.

O & Y keeps the financial details of the Canary Wharf project confidential, but its recent contacts with the government have confirmed reports that both its occupancy rate and rentals have so far fallen well short of initial targets.

Yesterday it declined to comment on its contacts with the government.

The recession has significantly eroded the competitive advantage of Canary Wharf over developments in the City, while prospective tenants have also been put off by the inadequacy of the Docklands Light Railway and by poor road links.

The developers' Downing Street meeting with Mr Major was followed by separate talks with Mr Heseltine and Mr Michael Portillo, the minister of state at the environment department.

Mr Heseltine, who as environment secretary in the early 1980s was instrumental in the creation of the Docklands Development Corporation, is understood to be keen to demonstrate the government's commitment to the complex.

He has suggested that a move by DOE civil servants from their crumbling Marsham Street headquarters could be followed by the transfer of other Whitehall civil servants to docklands.

He also wants an acceleration of work on London Regional Transport's proposed extension of the Jubilee Underground Line to Canary Wharf.

It is understood that the government would pay just over £20 per square foot for space in the Docklands complex. Initial surveys by officials have shown that comparable space much closer to Whitehall on the south bank of the Thames could be secured for a rent of the £15 or less.

Mr Heseltine will find it difficult therefore to argue that there is any commercial justification for a move to Docklands, particularly as the dispersal of civil servants to locations outside London is continuing to free other space in Whitehall.

The officials said, however, that the environment secretary might yet succeed if he can persuade the prime minister of the need for the government to demonstrate its confidence in the long-term future of docklands complex.

Heartlands plead for investment

MASSIVE investment is urgently needed to prevent Britain becoming an off-shore island on the periphery of Europe, a transport pressure group warned yesterday.

The Midlands, traditionally at the heart of industrial Britain, is threatened by its lack of road and rail capacity, claimed the Midland Tunnel Link Group, a joint initiative of trade unions and industry campaigning for links to the Channel tunnel.

In Birmingham, Mr Sid Platt, chairman of the West Midlands TUC, accused the government of being guilty of lack of investment and vision. Priorities for the region include the early construction of the northern and western orbital routes around Birmingham, and a building a road-rail freight interchange.

French to join UK venture in rail freight

By Richard Tomkins,
Transport Correspondent

BRITISH RAIL is about to form a joint venture with French national railways and some of Britain's biggest private road hauliers to offer combined road/rail freight services to and from the Continent.

Mr Malcolm Rifkind, the transport secretary, said he wished to encourage the venture because it reflected his determination to see a big expansion of private sector involvement in rail operations.

The plans for the joint venture were unveiled by Mr Rifkind and BR yesterday as they met 100 representatives of the UK freight industry to discuss how more freight could be switched from road to rail.

The company, called Combined Transport Limited, will be 15 per cent owned by BR and SNCF.

The remaining 85 per cent will be split between two Continental combined transport operators - Novatrans of France and Kombi Verkehr of Germany - together with the Road Haulage Association and 18 of Britain's biggest haulage companies.

It will market combined transport services in which a container starts and finishes its journey on a lorry but travels the long distance part of its journey on a rail wagon - a growth sector of the freight market on the Continent.

Combined transport has so far made little impact in Britain because most freight journeys are too short to make the transfer to rail worthwhile. But BR and Mr Rifkind believe the economics of Continental freight journeys will shift in favour of rail with the opening of the Channel tunnel in 1993.

Mr Rifkind and Mr John Welsby, BR's chief executive, yesterday used the same conference to unveil details of planned freight services to the Continent which would sharply cut existing rail timings. The Glasgow to Paris journey time of 116 hours would fall to 28 hours, said Mr Rifkind. Similarly, Manchester to Dijon would fall from 114 hours to 26 hours.

TRADE FIGURES

Turnaround in car industry bolsters return to surplus

By Peter Norman, Economics Correspondent

THE OFFICIALS at the Central Statistical Office were adamant: last month's trade figures showing the UK's first current account surplus since February 1987 could not be ascribed to freakish conditions.

Instead, Britain's return to the black seems to be a story of industrial success with increased exports of cars, chemicals and capital goods helping to produce the nation's first surplus in manufacturing trade since February 1984.

Although good, the June figures should not be a cause for euphoria, however.

The current account surplus – a provisionally estimated £23m after adjustment for seasonal factors – could easily be revised away in one of the many revisions to which trade figures are subjected.

It could also be argued that a traditional exporting nation such as the UK should be recording huge trade surpluses in the light of the deep recession of the past year.

But Britain's export trade as measured in volume terms and without oil and erratic items such as ships, aircraft and precious stones, has been on a steadily improving trend for the past five and a half years, according to official figures. While there has been little change in the underlying level of non-oil import growth in recent months, non-oil export volumes have continued to grow.

The fears that British exports would be rendered internationally uncompetitive by placing sterling in the exchange rate mechanism of the European Monetary System with a central rate of 2.95 D-Marks appear to be unfounded.

Indeed, Britain recorded a surplus of £40m in trade with its European Community partners last month. In 1989, Britain's trade with the rest of the EC was a massive £16.27bn in the red.

A reversal of fortunes in the car industry explains much of this turnaround. Britain is now producing more cars for export than for the home market. UK exports of passenger cars rose by more than a fifth in volume between May and June this year. In volume terms, UK car exports are currently around 2¼ times higher than in 1985.

By contrast, car imports have languished below 1985 levels so far this year. In volume terms, they were some 29 per cent lower in the second quarter than in the second quarter of 1990. Measured in value, UK car exports now cover nearly 80 per cent of imports compared with just 34 per cent two years ago.

Second quarter figures show other export sectors performing well. Exports of chemicals were up 5 per cent in volume terms while capital goods exports were 7 per cent higher compared with the first quarter.

Can these trends continue? Is Britain entering a period of export led growth?

There are doubts among government officials over whether the recent sharp increase in car exports can be sustained.

On the other hand, the UK exporters stand to benefit further from the recent strong rise of the dollar.

The latest figures also suggest that the UK is taking advantage of the recovery from recession of the US and Canadian economies.

In value terms, second quarter exports to North America were 19 per cent up on first quarter levels, compared with a 3 per cent increase in sales to the rest of the EC over the period and 5.5 per cent growth in sales to the rest of western Europe.

Furthermore some £600m of the recovery is expected to result from payments by foreign government's towards the UK's Gulf War costs. Other "invisible" improvements are expected to result from increased travel and tourist receipts following the end of the Gulf war and a rise in earnings on UK investments abroad.

The government is hoping for increased invisible exports generally; made up of items such as banking, tourism and transfer payments from abroad. It has already pencilled in an invisible surplus of £1.2bn in the second quarter compared with just £231m in the first three months of 1991.

CURRENT ACCOUNT (£bn)

	Current Balance	Visible Trade Balance: Total	Less oil and erratics	Exports	Imports	Invisibles Balance
1989	-19.8	-24.0	-27.0	92.8	116.8	+4.2
1990	-13.8	-17.9	-20.5	102.7	120.7	+4.1
Qtr 2	-5.1	-5.3	-6.0	25.9	31.2	+0.2
Qtr 3	-1.9	-3.7	-4.8	25.6	29.3	+1.8
Qtr 4	-1.6	-3.0	-3.7	25.9	28.9	+1.4
1991						
Qtr 1	-2.6	-2.8	-3.4	25.1	27.9	+0.2
Qtr 2	-0.9	-2.1	-2.7	26.1	28.2	+1.2
Feb	-0.6	-0.7	-1.1	8.3	9.0	+0.1
March	-0.8	-0.8	-1.1	8.5	9.3	+0.1
April	-0.4	-0.8	-0.9	8.5	9.3	+0.4
May	-0.5	-0.9	-1.1	8.6	9.5	+0.4
Jun	0.0	-0.4	-0.7	9.0	9.4	+0.4

Invisibles for April to June 1991 are projections
May Figures are seasonally adjusted, and may not add up, due to rounding.

Source: CSO

Major's charter based on Thatcherite ideals

By Philip Stephens

CITIZEN and charter are not words that would ever have appealed to Mrs Margaret Thatcher. Both carry with them too strong a whiff of the nanny state to appeal for such an uncompromising champion of the individual.

But beyond its title there was little if anything in the policy document published yesterday by her successor in Downing Street that Mrs Thatcher could quarrel with.

The vision of a more effective, efficient public sector set out by Mr John Major started with three quintessentially Thatcherite principles: more privatisation, more competition, more contracting out.

There were obvious nods in the direction of populism. Passengers stranded by British Rail will have the satisfaction of knowing the names of the guards they berate.

Ministers are convinced also that many of the seemingly small measures in the charter - the promise of annual school reports or the introduction of hospital appointment systems - will catch the voters' eye.

But it is in its reliance on the market - the privatisation of British Rail and London Buses, the rapid extension of contracting out by local authorities, the whittling away of the Post Office monopoly - that the Charter offers most prospect of immediate action.

Mr Major shares his predecessor's presumption that, where possible, the best way to improve the quality of public services is to transfer responsibility for their provision to the private sector.

His statement to the House of Commons was peppered with references to the need for greater competition, consumers and choice, favourite slogans of the 1980s.

Ministers acknowledge that in some respects the document is a repackaging of existing ideas. They insist, however, that the continuity with the 1980s does not imply that there is nothing new for the 1990s. As Mr Major said the charter is a starting point for a fourth Conservative term rather than a complete blueprint.

There is an implicit assumption also - never quite there when Mrs Thatcher was in Downing Street - that even after the next wave of privatisation and contracting out large sectors of the economy will remain in the public sector.

Mr Major's declared aim is to use the plethora of promised standards, targets, penalties and rewards outlined in the Charter to provoke a revolution in the culture of those services.

The same ministers acknowledge privately that the measures outlined yesterday are a relatively modest step . The Whitehall mill - and above all the Treasury - has ensured that the prime minister's initial ambitions in areas like compensation and performance-related pay have been significantly watered down.

There is little confidence in the main Whitehall departments that the Charter will achieve significant results unless it is followed in the present public spending round with a generous settlement in the key areas of health, education and transport. The aim in the meantime is to win votes.

Commuters, parents, consumers, taxpayers and patients; John Major aims to protect their rights under his charter

SUMMARY

Labour law

CONSUMERS are to be given the right to bring legal action against unions to stop unlawful industrial action in the public services.

The new rights for consumers are likely to be fleshed out in a consultative document on employment law due to be publishes tomorrow.

Privatised utilities

PROPOSALS for increasing consumers' redress against privatised utilities centre on a promise to bringing the formal powers of the industries' regulators up to the level of the strongest.

Regulators – such as Ofgas and Oftel which cover the gas and telecommunications industries respectively – will all be given powers to ensure legitimate complaints result in the utilities paying out compensation.

Health service

THE CHARTER'S proposals for the National Health Service build on this year's health reforms and give the government a chance to inject more "patient power" into them.

The charter's proposals encourage a change of attitude which is already developing in parts of NHS – the notion that patients must be seen as customers with rights rather than supplicants who should be grateful for their treatment however long they have to wait for it from the National Health Service. In addition to providing the public with more information on health targets, the charter contains two specific plans:

- health authorities will have to set guaranteed maximum waiting times for in-patient and day-care treatment.
- out-patients will receive individual timed appointments for hospital visits, with normal maximum waiting times displayed in waiting areas

Local government

AT the heart of the proposals on local government is legislation requiring councils to publish responses to Audit Commission reports, and to publish accessible information on standards of service and their costs.

Education

STRIPPED of the gloss about a forthcoming "parents' charter", the education section of the citizen's charter adds up to the "right to know", and a reform of school inspection arrangements. Most aspects of both had long been announced or heralded.

Public sector pay

PERFORMANCE pay for public sector managers is given star billing in the white paper. There should, it says, be a "regular and direct link" between remuneration and standards of service.

Public transport

THE SECTION on public transport reflects the government's difficulty in attempting to give passengers a better deal from nationalised organisations such as British Rail and London Transport.

Since neither organisation makes any profits from which compensation can be paid, any penalties imposed for poor service can only be retrieved by raising taxes, raising fares, or postponing investment.

BR gets off lightly as a result. Privatisation, the charter says, is the key to better service.

Privatisation plans will be published in a white paper, or government policy document, later this year, incorporating the end of British Rail's monopoly and the appointment of an independent regulator to ensure fair access to the network.

Postal system

THE LOWERING of the £1 limit on the Post Office's monopoly on letters will allow private enterprise to challenge the Post Office in first-class letter deliveries – one of its biggest areas of business within the UK.

Scotland

Mr Ian Lang, Scottish secretary, said four specific Scottish charters relating to health, education, housing and justice would be introduced.

BRITAIN IN BRIEF

US may veto sale of jets to Iran

The US government may veto a £90m package to supply Iran with four British Aerospace commercial jets. The company says the US state department is unlikely to give the deal the go-ahead.

The wings, avionics and engines for the four BAe 146 jets are manufactured in the US, making the deal subject to US approval. The state department is reported to be concerned about Iran's continuing support of terrorism. A formal decision has not yet been made. BAe said the veto, if confirmed, would be unprecedented.

Rail crash inquiry ordered

The government has ordered an independent public inquiry into the head-on train crash near Glasgow which killed four and injured 22 late on Sunday night.

It was the first crash in which passengers were killed since a commuter train ran into the buffers at London's Cannon Street station in January, killing two and injuring more than 500.

Strike for shorter week

Manual workers at the south England sites of De La Rue, the security printer and payment machine maker, have launched an indefinite strike for shorter hours. It is believed they are the first group to stage a working time stoppage among UK blue collar workers already on less than 37 hours.

Census finds shift from cities

A shift in population away from Britain's urban areas is confirmed in the first results of April's census. Across England and Wales remoter rural districts, new towns and resort and retirement districts experienced the greatest increases in population. Districts with the most significant reductions were the principal cities of metropolitan districts, like Liverpool and inner London boroughs.

Welsh industry in downturn

Only 17 per cent of Welsh manufacturing industry is operating at full capacity as the recession bears down upon the principality, and unemployment is also expected to rise. A report by the Cardiff Chamber of Commerce, covering the Federation of Welsh Chambers, shows that few companies in the sector are planning to invest in either new machinery or buildings.

Disaster code proposal

A ten-point code of practice to help to prevent disasters has been proposed by the Engineering Council, the organisation for professional engineers and technicians. The code is intended to stimulate a wider debate on risk assessment and management.

Sir William Francis, chairman of the Engineering Council's working party on engineers and risk issues, said inquiries into recent disasters had identified root causes such as poor communication, inadequate management and shortfalls in safety cultures.

Disclosure on managers' pay

Companies should be required to disclose more details of how their directors are paid, the Chartered Institute of Management Accountants has said. There is no evidence that top managers are manipulating their accounts to boost performance-related pay, it said. But the potential exists for them to do so.

Group fails to buy centre

Porton International, the London-based biotechnology company, has failed to persuade the government that it should be allowed to buy the Centre for Applied Microbiology and Research at Porton Down, Wiltshire, from the Department of Health. But the agreements giving Porton International extensive rights to the research centre's technology, signed in 1985, are to remain.

Nalgo delegates accept decision

More than 1,000 delegates of Nalgo, the public service union, voted to accept their leadership's recommendation to ballot clerical members in local government on a series of strikes over pay.

The decision to organise the vote on the 6.4 per cent pay offer follows a tentative settlement last week between leaders of 900,000 blue collar workers and employers on a similar offer.

New chief for Toyota (GB)

Mr Simon Foster, director of the Society of Motor Manufacturers and traders for the past 3¼ years, is to leave at the end of the year to become chief executive of Toyota (GB), the Inchcape Group subsidiary which distributes the Japanese cars in the UK. He will succeed Mr Alan Marsh, who is joining Inchcape's main Board to take up overall responsibility for Inchcape's various Toyota distribution businesses world-wide.

Power station agreement

European Cellulose Manufacturers has agreed with IVO Energy, the Finnish generating company, to build a 1,100 Megawatt gas-fired power station at its Humberside site. The company said the plant will provide power for its planned straw pulp mill on the same site. The pulp mill and power plant will require total investment of £1bn.

Service to sing about

Della Bradshaw explains how digital broadcasts are being sent down the French phone network

When Montpellier's soccer team played Manchester United in the European cup quarter finals in March, the final score left most Frenchmen gloomy. But for Jos Marien, marketing director of French communications company Xis, there was at least one thing to smile about.

Sitting in the offices of Piccadilly Gold radio, in Manchester, Marien heard the transmission of a live report of the match from Montpellier over a standard phone line. Marien believes it was the first time a 15 Khz radio transmission, giving FM quality sound, had been sent over the dial-up phone network.

The Xis equipment used to achieve this transmission, called Wim, enables radio stations to reduce the costs of their outside broadcasts. Instead of using dedicated phone lines, which have to be paid for whether or not a report is being broadcast, Wim means broadcasters need only pay for the call time they use.

What companies do require, however, is a special type of phone line – known as the integrated services digital network (ISDN) – which enables the digital transmission of voice or data in chunks of 64 kilobits a second. This is enough to transmit about 1,600 words of text every second.

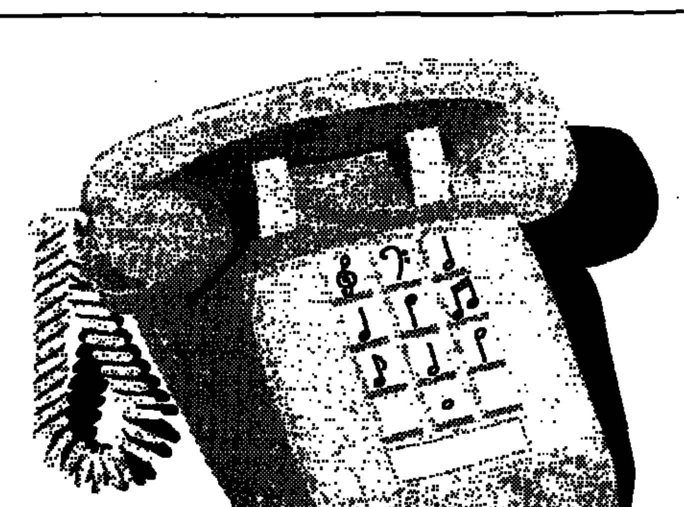
While phone companies throughout Europe, the US and Japan have been talking about ISDN for the past decade and been experimenting with pilot services for several years, France Telecom has put its money where its mouth is. It opened ISDN services in Paris and Brittany in 1987 and by last year was providing a service, called Numeris, to any business in France which requested it.

To prevent the service from floundering because there were limited uses for ISDN, France Telecom decided that it had to foster the development of a variety of applications which could use Numeris. The company formed partnerships with some 50 small businesses – Xis being one of them – to encourage such developments.

The criteria for selecting which companies are worth supporting (including financial assistance) are threefold, says Alain Bereziat, regional director for France Telecom in Montpellier. The application has to be innovative and must have widespread appeal. It must also be financially viable.

Xis's speciality is developing advanced voice applications for Numeris. Its most popular has been the audiocatalogue for music retailers, which Xis developed with the French National Centre of Telecommunication Studies, the research arm of France Telecom.

Already installed in 11 record stores belonging to FNAC, the French music retail chain, audiocatalogue allows customers to go into the store and listen to a selection of music before making a purchase. Using a PC with a touch-sensitive screen and a headset, customers scroll through menus which ask what type of music and what album they prefer.



This information is fed over a local area computer network to a database from where the music is sent, together with an image of the jacket cover which appears on the screen.

Each local database is updated by FNAC on a weekly basis – some weeks need as many as 50 titles to be added – over an ISDN line. Because ISDN is digital, the sound reproduction in the 1990s' version of the listening booth is high quality, unlike the poor-quality sound usually heard when music is sent over the phone line. FNAC is planning to expand the service to include some 30 stores.

Marien admits that audio applications will only constitute a small part of the market for ISDN applications. But, as he points out, for Xis, set up in Montpellier in 1984, "it's a very big market".

Other services already being used on the Numeris network transfer medical images or diagrams from repair manuals from one site to another over the phone line. Another enables would-be holiday makers to use touch screens to select information on different resorts. Pictures and text of the location are transmitted from a central database to the local travel agency.

Faster facsimile services – some eight times faster than today's analogue services – are also possible now, while Bereziat believes that high-quality moving images for videoconferencing will be available in about two years.

France Telecom's policy appears to be paying off. By the end of last year 30,000 basic ISDN access lines – each with two 64 Kbit/s lines and a signalling channel – had been rented, at a cost FFr 300 (£30) a month, compared with FFr 80 for the monthly rental of an ordinary business phone line. (France Telecom offers a basic service of two 64 Kbit/s lines or a premium service which transmits 2 Mbits of data.)

Call charges are fractionally above those for calls on conventional analogue lines. A one-minute call from France to the UK, for example, would be FFr 4.92 using Numeris, compared with FFr 3.79 on a traditional line. An ISDN service between France and Germany was opened in 1990, and between the UK and France earlier this year.

Cutting a niche in machine tools

By Andrew Baxter

The development of numerical controls for machine tools has been one of the most important post-war contributions to manufacturing technology, but its achievement has not always relied on a uniform approach.

While machine tool types and builders proliferate in their thousands, control systems are seen as the preserve of a handful of powerful multinationals with a strategic interest in factory automation.

This, by and large, is true. First it was US companies such as Bendix and General Electric, then Europeans such as Siemens and now the Japanese led by Fanuc that have established the broadest combination of technology and market leadership in factory automation.

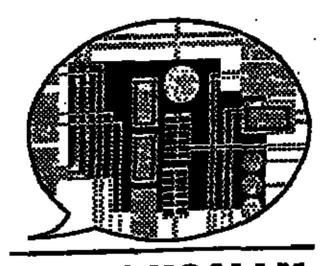
The top-down, computer-led approach to numerical control, putting it in the same context as robotics, has been remarkably successful. But there is an alternative route to a strong position in at least part of the numerical control market through a natural progression from machine tool precision measuring instruments.

This is the approach taken over the past 15 years by the Bavarian company Heidenhain, which began life 102 years ago as a metal etching company but is best known for its comprehensive range of linear and rotary encoders.

These measuring instruments operate by photo-electrically scanning a thin layer of chrome gratings deposited on a glass or steel surface. The rotary encoders might be used for rotary tables or turning machines such as lathes, the linear scales for everything from microscopes and co-ordinate measuring machines to machining centres where linear movement needs to be measured to a few microns.

For Heidenhain, the big development was in the 1950s with optical, projection-type display of a measurement as a number down to 0.001mm. This, says Walter Miller, chief executive with special responsibility for technology, led to the development in the 1960s of simple electronic "readouts" of the machine tool's position.

For machine tool users digital readouts, which can measure three axes of movement, are an economical solution. That led to "active read-outs" where the operator could key in a position and the machine would move accordingly.



TECHNICALLY SPEAKING

Bolstered by a big initial order from Bavarian neighbour Maho, Heidenhain launched its first TNC (touch numerical control) system in 1976. A steady flow of updated TNC systems, each of which can run programs written for its predecessors, has enabled Heidenhain to sell about 80,000 systems worldwide for milling machine controls.

Heidenhain's aim throughout, says Miller, has been to maintain a "workshop-oriented approach" with the machinist programming the TNC in plain language right at the machine. This has particular advantages for the domestic machine tool market where the apprentice system is still nurtured.

The advantage of the Heidenhain approach is that it keeps the company close to its customers. The drawback is that there is no clear technological path from its control systems to other areas of factory automation.

Heidenhain in any case has no plan for a major thrust because of its commitment to retain world leadership in scales and encoders. These account for two-thirds of its DM 550m (£185m) group sales worldwide.

But Miller is happy with Heidenhain's niche market in numerical controls. While many European machine tool builders have been forced through bitter experience to avoid direct competition with the high-volume Japanese producers, Heidenhain has reached a similar position without the suffering.

Well, not too much, anyway.

Highlands' call of the wild

Islay in Scotland is discovering ISDN, writes **James Buxton**

A former antique shop in Bowmore, the village which is the capital of the island of Islay in Scotland's Inner Hebrides, has become a stepping stone on the road to exploiting advances in telecommunications in Scotland.

It has been made into a telecottage, an idea which originated in Sweden to help people in rural areas discover information technology and telecommunications. Crammed into its two rooms are four personal computers, a fax machine, printers, a photocopier and some modems.

At first glance it does not seem very different from a photocopying shop. It offers photocopying, word-processing and fax services to the local inhabitants (there are 4,000 people on Islay) at a commercial rate. But the main role of its staff (one full-time and several volunteers) is to introduce people to personal computers and to provide training in using them.

Familiarisation courses are free but Islay Teleservices, as it is called, charges for training courses. Highlands and Islands Enterprise (HIE), the development body for the area, expects it to become self-financing in a few years.

The aim of the telecottage on Islay, one of four being set up in different parts of the Highlands and Islands, is to exploit the new possibilities opening up to people in remote areas as information technology and improved telecommunications make it theoretically possible to work from home almost anywhere – a practice known as "teleworking".

Alan Hunter, who chairs the volunteer group which created Islay Teleservices, is an early example of the breed: he moved from England to the peaceful life of Islay but continues his business as a computerisation consultant, occasionally flying out via Glasgow to visit clients in different parts of the world.

But though Ann Clark, who manages Islay Teleservices, says the opening of the telecottage last month has aroused great interest, there are reckoned to be fewer than two dozen personal computers in private hands on the island.

HIE, however, believes teleworking holds good possibilities for the Highlands. In one of its biggest single investments it is subsidising a programme by British Telecom to make telecommunications in its area as advanced as anywhere in Britain. It is making a grant of £5m to the £16m cost of installing new digital exchanges at 64 towns and in upgrading cabling.

By next year people in the main population centres of the Highlands and Islands should have greatly improved telephone lines, and should be able to obtain ISDN.

ISDN stands for integrated services digital network, offering a set of services such as very high speed data transmission and faxing and even video-conferencing. ISDN is reaching the Highlands at about the same time as London, Manchester and Edinburgh, but ahead of most other British cities, and probably a decade earlier than BT could justify on commercial grounds.

Digitisation will not reach Islay until next year and whether the islanders, who mostly live off farming, fishing and tourism, will be ready to make the most of it, let alone embrace ISDN, depends partly on the efforts of the telecottage.

Indeed questions are now being asked whether the Highlands and Islands telecommunications initiative is justified on economic grounds. With ISDN only just becoming available both in the Highlands and in the other parts of Britain, it is not surprising that there are only about 20 ISDN lines in use in the area.

Perhaps more surprising is that no detailed study of demand for ISDN was carried out before the project was approved by the Treasury, and so far few people living in the Highlands have expressed serious interest in it.

BT and HIE quote the example of a company named Crossaig, based at Helensburgh on the Firth of Clyde, which offers a service abstracting and indexing material for medical publishers. It is beginning to use editors operating from home who receive and return material transmitted cheaply at very high speed over ISDN connections.

Sir Robert Cowan, chairman of HIE, says that the aims of the telecommunications initiative include the defensive one of keeping businesses in the Highlands up to date, as well as encouraging the creation of operations based on teleworkers such as Crossaig. Ultimately it is hoped to persuade businesses to relocate to the north and west of Scotland so as to escape crowded urban areas, though it is accepted that good telecommunications are only one of many factors in a company's decision to relocate.

Relatively few people in Britain, let alone the Highlands of Scotland, have heard of ISDN and fewer still understand what it means. The joke is that it stands for: "I still don't know." This is partly because it has only come into operation in Britain in the past few months and until BT took the plunge little equipment for use on ISDN had been approved or marketed by the manufacturers.

Now, says Colin Pavey of BT, "new ISDN equipment is getting approval every week. The bit in the middle is the customer. What we're doing in the Highlands and Islands is improving basic services, and giving people access to packet switching for the price of a local call throughout the Highlands. ISDN is at the top of the range and will be a specialised market for a long time".

FT LAW REPORTS

Law Lords cannot hear appeal

THE BALEARES
House of Lords
(Lord Bridge of Harwich, Lord Brandon of Oakbrook, Lord Griffiths, Lord Jauncey of Tullichettle and Lord Lowry):
July 18 1991

A COURT of Appeal decision to grant or refuse leave to appeal from the High Court in an arbitration case is final and cannot be appealed to the House of Lords.

The House of Lords so held when dismissing an appeal by Geogas Ltd, owners of the Baleares, from a Court of Appeal decision giving leave to the charterers, Trammo Gas SA, to appeal from a High Court decision setting aside an arbitration award made in the charterers' favour.

Section 1 (7) of the Arbitration Act 1979 provides: "No appeal shall lie to the Court of Appeal from a decision of the High Court on an appeal under this section unless: (a) the High Court or the Court of Appeal gives leave; and (b) it is certified by the High Court that the question of law ... is one of general public importance or is one which for some other special reason should be considered by the Court of Appeal".

LORD JAUNCEY said that the appeal arose out of a dispute between the owners and charterers of Baleares.

The ship failed to reach loading point by the cancelling date, and the charterers cancelled the fixture.

Arbitrators awarded damages to the charterers.

The owners obtained leave to appeal to the High Court. Mr Justice Webster allowed the appeal and set aside the award. He certified two questions of law under section 1(7)(b) of the Arbitration Act 1979, but refused leave to appeal.

Section 1(7) provided that no appeal should lie to the Court of Appeal "unless (a) the High Court or the Court of Appeal gives leave ..."

The charterers applied for leave to the Court of Appeal which, by majority, granted the application. It refused leave to appeal to the House of Lords.

In granting the application the majority took the view that the guidelines laid down in the *Nema [1982] AC 724* as to the criteria to be adopted in exercising discretion to allow an appeal from arbitrators did not apply to applications for leave to appeal to the Court of Appeal.

The owners then petitioned for leave to appeal to the House of Lords. The charterers objected that it had no jurisdiction. An appeal committee granted leave without an oral hearing.

At the outset of the appeal Mr Rokison for the charterers contended that a Court of Appeal decision granting or refusing leave under section 1(7) of the 1979 Act was final and unappealable. He relied on *Lane v Esdaile [1891] AC 210* and later decisions.

Mr Goldsmith for the owners argued that the appeal was not excluded by section 1(7), and that the cases relied on by Mr Rokison, while relevant to appeals from decisions refusing leave to appeal, did not apply to appeals from decisions granting it.

The jurisdiction of the House to hear appeals from the Court of Appeal derived from section 3 of the Appellate Jurisdiction Act 1876, which provided that "an appeal shall lie to the House of Lords from any order or judgment of ... the ... Court of Appeal".

In *Lane v Esdaile* it was held that no appeal lay to the House from a Court of Appeal refusal to grant special leave to appeal from a judgment of the High Court when the time for appealing had expired under Order 58 rule 15.

The Order provided "No appeal to the Court of Appeal from any interlocutory order ... shall, except by special leave of the Court of Appeal, be brought after ... 21 days".

Lord Halsbury LC said "if that is intended as a check to unnecessary or frivolous appeals, it becomes absolutely illusory if you can appeal from that decision or leave ... How could any court of review determine whether leave ought to be given or not without hearing and determining whether it was a fit case for an appeal?". The result would be two appeals.

Lord Herschell said the object of Order 58 rule 15 was to make judgments practically final, but it was thought there might be special circumstances in which the Court of Appeal might relax that rule and permit an appeal.

He said "the exercise of a discretion of that sort entrusted to them is not, within the true meaning of the Appellate Jurisdiction Act, an order or judgment from which there can be an appeal".

Lord Macnaghten said "the Court of Appeal are constituted the sole and final judges of the question whether an appeal to them should or should not be admitted when the proposed appellant has allowed the prescribed period to elapse", and there could therefore be no appeal from grant or refusal.

Two points emerged from those speeches: (1) that an exercise of discretion to grant or refuse leave to appeal was not an order contemplated in section 3 of the 1876 Act; (2) that there was no distinction between orders refusing and granting leave to appeal.

Lane v Esdaile was followed by the Court of Appeal in *re Housing of the Working Classes Act 1890, ex parte Stevenson [1892] 1 QB 609,611,613*.

Lord Esher MR said that where power was given to a legal authority to grant or refuse leave to appeal, its decision, was "from the very nature of the thing", final and conclusive, and if there could be an appeal from its decision "the result is an absurdity and the provision is made of no effect".

Lord Justice Lopes said that where an appeal was made subject to leave of the court or any other legal authority, grant or refusal of leave by that court or legal authority was final and unappealable. He said "the object of making appeals subject to leave is to prevent unnecessary and frivolous appeals".

In *re Poh [1983] 1 WLR 2* the House held that it had no jurisdiction to entertain an appeal from a Court of Appeal refusal to grant leave to apply for judicial review under RSC Order 53. In his speech Lord Diplock referred with approval to *Lane v Esdaile* and to *re Housing of the Working Classes Act*.

Finally, in *Rickards v Rickards [1990] Fam 194,201* Lord Donaldson MR said "what *Lane v Esdaile* decided, and all that it decided, was that where it is provided that an appeal shall lie by leave of a particular court or courts, neither the grant nor refusal of leave is an appealable decision".

Although those cases were concerned with appeals from refusals of leave, in all but *Poh* grants and refusals of leave were referred to as though they were subject to the same considerations.

It was the court's decision itself, rather than the nature of the decision, which determined finality.

That approach was entirely logical. There was no justification for drawing a distinction between a decision refusing leave and a decision granting leave.

Section I of the 1979 Act contemplated that judicial review of arbitration awards should take place only in limited circumstances.

An appeal lay to the High Court on a point of law, but only with the consent of all parties to the reference or with leave of the court, which was not to be given unless certain specified circumstances existed (subsections 3 and 4).

No appeal lay to the Court of Appeal unless the High Court or Court of Appeal gave leave.

The legislative intention of limited review would be rendered nugatory if appeals were to lie to the Court of Appeal and then to the House against a decision of a judge refusing or granting leave to appeal from an award to the High Court, and if an appeal were to lie against a Court of Appeal decision to refuse or grant leave to appeal from the High Court to itself.

To allow such a situation would produce the absurdity referred to by Lord Esher in *re Housing of the Working Classes Act*.

The rule of *Lane v Esdaile* and the principle stated by Lord Esher in *re Housing of the Working Classes Act* applied.

It followed that the House had no jurisdiction to entertain the appeal, which must be dismissed.

Mr Goldsmith submitted that the appeal committee, in granting leave to appeal, decided the question of competence in the owners' favour.

That was rejected.

If *per incuriam* the appeal committee failed to appreciate the significance of the charterers' objections, such oversight could not clothe the House with jurisdiction it did not possess. If on the other hand the appeal committee postponed consideration of the matter until the hearing of the appeal, no decision had been made.

In neither event was the House disabled from now considering the question.

Their Lordships agreed.

For the appellant shipowners: Peter Goldsmith QC and Timothy Wormington (Lawrence Graham).

For the respondent charterers: Kenneth Rokison QC and Peter Gross (Ince & Co).

Rachel Davies
Barrister

Investing in start-ups

Angels rush in where bankers fear to tread

Barbara Durr reports on a crucial catalytic force in American entrepreneurialism

Philip Romano peruses about half a dozen proposals for business start-ups each month, sniffing for a winner. He believes he knows one when he sees one. Romano of San Antonio, Texas, is one of a breed of American entrepreneur known as a financial angel.

"I feel I've got an innate sense of what the market wants," says Romano, and it doesn't matter what industry it is. He has shepherded business ventures to success in everything from restaurants – his own line of work – to bio-technology and computer software.

"I get involved with someone else's idea and provide some interim finance," he says. But that is a modest description of the role of angels, who have become the most crucial catalytic force in American business today.

After a spate of bad experiences in recent years, US banks and venture capital firms are shying away from funding business start-ups and angels, playing their proverbial role, are stepping in where others fear to tread.

According to estimates by the US Small Business Administration, capital provided by angels amounts to approximately $40bn a year, or about 20 times what is currently available from formal venture capital firms. George Gendron, editor-in-chief of INC magazine, which specialises in covering small and growth businesses, says the figure for informal, or angel, capital "is unknowable".

But there is a consensus that it is exponentially larger than what is available through formal venture capital firms, now running at a paltry $1bn to $2bn per year.

A head count of angels is also difficult to make. An indication is the estimate that arm's length investors are involved in some 20,000 early stage companies each year. While the importance of their economic role and their allure as the prototypical bold individual capitalist make them objects of interest, angels are elusive. They tend to like to work without publicity, in part for fear of being deluged with proposals from money hungry entrepreneurs.

They usually work discreetly within a network of personal friends and contacts which are located most often in the geographical area closest to their homes. This makes consulting with associates and dropping by on their investments easier. They put up money, but they are also frequently directly or indirectly involved in the company's management.

Romano, for example, recounts the beginnings of Docucon, a firm that began with the idea of putting documents on laser discs and is now a publicly traded company. He and four other investors each put up around $100,000 for what they thought was a unique new service. The company began work in 1987 but had some operating problems during the next year. Romano rolled up his sleeves and dived in for 30 days to straighten things out.

In order to improve the company's prospects, he discovered that a tough chief executive officer was needed and more capital had to be injected. He devised a business plan and showed it to a friend, Ed Gistaro, then head of a local San Antonio computer company, who was enthusiastic.

In July 1988 Gistaro agreed to take the company's helm in exchange for a small salary and an equity stake. A year later, the owners engaged the New York underwriters D.H. Blair to take the company public. Docucon has been humming along nicely ever since, with shares up from the initial public offering of 65 cents to $1.20 now, with a peak of $1.81.

While Romano has made a handsome profit on this and other deals, he says that, in considering an investment, he doesn't think about making money. "I think about not losing money. And I think about doing it right." This attitude appears characteristic of angels, whose thrill appears to consists of helping a company to grow.

According to David BenDaniel of the Johnson Graduate School of Management at Cornell University: "They hanker for the excitement of the high-growth company." These affluent individuals, many of whom run their own businesses, hold other jobs or have retired early, serve as a bridge between the entrepreneur and larger sources of capital. Their contributions are usually in the $20,000 to $250,000 range, though some can go higher.

They also frequently work together with other angels. One group of four older entrepreneurs based in New Hampshire is known as "The Breakfast Club". They get together about seven times a year to scrutinise new company proposals and usually decide to finance a few. Having been entrepreneurs themselves, angels understand from experience what must be done and who to approach for larger cash injections.

Yet perhaps what they know best is how to recognise the right stuff in an entrepreneur. "The only bet you're making is a people bet. Ideas are a dime a dozen," says William Sahlman of Harvard Business School, who not only teaches entrepreneurial finance but plays angel on the side.

Even what looks to be a good bet does not usually become a big winner. Sahlman calculates that only about 15 per cent of such investments are successful, while the other 85 per cent "don't do much". In as many as a third, investors may lose money, he says.

As a result of such high risks, angels tend to diversify. They may invest in as many as a dozen or so companies staggered over different time periods. The serendipitous nature of angel activity seems to work remarkably well.

But there are some who are attempting to formalise the angels' inherently informal way of working. The Massachusetts Institute of Technology's Enterprise Forum, for example, has recently acquired what is called the Venture Capital Network, a computer data base for matching entrepreneurs and investors. For a $250 fee, angels and entrepreneurs can put their names, needs and interests in the data bank for six months.

Roger Wilson, executive director of the Venture Capital Network, says the service receives some 30 or so requests for further information on matches per week. Yet angels have their downsides, too. Some panic quickly at the first signs of serious trouble in their venture. Some are oppressively egotistical, and try to impose their control on every step taken by the new company.

But problems can arise when companies need more capital for a second, crucial stage of growth. Some angels may not be able to meet this need and they in turn approach their their contacts for bigger capital.

One of those involved in this special interstice is Stefania Aulicino, founder and president of Capital Link, a Chicago-based investment banking firm specialising in growth companies. Aulicino says that angels have limited capital and use her as the link to deeper pockets. While they may have a set of venture capital funds to work with, she has hundreds. "Financial angels come to me because it's more cost effective and takes less time for me to do it," she says.

She has also created a subscriber network, including many financial angels, that connects entrepreneurial companies not only with the possibility of money, but with the sort of managerial expertise that can make them more attractive to big money.

She believes there is enormous demand in the market to remove the ad hoc nature of angel connections. But for the moment, she has little competition because few investment bankers want to take the time to deal with small, still-in-the-making companies. And, unlike normal investment bankers who make their money from fees, Aulicino will accept half her fee in risky equity.

While many say that the informality of the angel network functions superbly well, Aulicino and the Venture Capital Network appear at least to have tapped a certain need on both sides of the market. Yet, for well established angels like Romano, a serendipitous solo act is part of the thrill.

Avoid job descriptions that only attract Superman

Realism is essential when recruiting. **Charles Batchelor** offers hints to employers

It should be easier to recruit staff during a recession because more good people are available. But the reality is that so many people respond to a job advertisement that applications can threaten to overwhelm the prospective employer. It becomes even more difficult to choose the right candidate, says Jeff Grout, managing director of Robert Half, a financial recruitment company.

Do not rush into finding a replacement when someone leaves, he advises. Decide whether the individual really needs replacing or whether his responsibilities can be taken on by others in the department. Should the job be enlarged or reduced and a different sort of replacement found?

If the departing employee does need replacing, a job description needs to be drawn up explaining the responsibilities of the job and its place in the organisation. A candidate profile should also be prepared outlining the qualifications and experience needed as well as the personality of the candidate.

But guard against writing a job description for which only Superman need apply, Grout warns. Many qualities are desirable but a realistic job description is best limited to what is necessary.

Take account of the potential employee's aspirations and the reasons for the job falling vacant in the first place. Did the previous employee feel frustrated or underused and was this inevitable given the nature of the job?

The first place to look for a replacement should be in the company itself. This saves time and money; it also means the recruit already knows the company culture and is a boost to staff morale. Personal recommendations by existing staff are an often neglected means of recruitment and some companies reward the person making the recommendation once the recruit has completed six months in post.

If you decide to advertise using in-house expertise rather than the services of a recruitment consultancy you will have to organise the copywriting, layouts and artwork, book the space and deal with the responses.

Do not cram too much information into the ad but provide enough for applicants to make a choice. Candidates for more senior jobs tend to look first at the title, people on the way up at the salary and junior staff at the location.

Using your company's name improves the response because one in 10 readers does not respond to an ad which does not name the employer. Time your ad so as not to coincide with, say, examinations in the sector in which you are recruiting or with quiet holiday periods.

Make it easy for applicants to respond, if possible with a freepost address and a fax number, day and evening telephone numbers. Thousands of applications go no further than the would-be applicant's briefcase because there are too many obstacles to sending the envelope. If you must use an application form chase up people who have requested them otherwise more than half will not be returned.

Curriculum vitaes have been described as "balance sheets without liabilities". When reviewing cvs keep in mind your job description and candidate profile. Is the type and level of experience described relevant to your requirements; what do the accomplishments really mean and are their any gaps in the record which could conceal failures?

After the paperwork comes the interview. This is neither a chat – you are not just trying to "get to know" the candidate but assessing him for a position – nor an interrogation. Approach it systematically. Re-read the cv and note any queries you may have. Prepare your questions.

Follow a logical sequence. Greet the candidate; put him or her at ease; give an overview of the aims of the interview; find out about the candidate; describe the job; answer any questions. Avoid interruptions and telephone calls and do not sit behind an imposing desk.

Let the candidate do most of the talking and ask open-ended questions. "Why do you feel you would be a good manager? will elicit more information than "Are you a good manager?" If you are after specific answers do not allow yourself to be side-tracked.

Take notes to refer to later and to avoid confusion if you are interviewing several candidates.

At the end of the interview let the candidate know the timetable for possible further interviews or when he will hear if he has got the job or not. Do not offer the job at the first interview however impressed you are. Allow time to reflect.

Always check references. A telephone call will usually elicit a more candid reference than a letter. Verify facts and ask for impressions of strengths, weaknesses and working relationships. If you make an offer give the candidate time to consider and confirm the starting date and salary.

If this seems like a lengthy process compare it with the cost and time involved of appointing someone who leaves after three months of unproductive work, says Grout.

**Recruitment Guide, 8 pages, Free. Robert Half, Walter House, 418 Strand, London WC28R 0PT. Tel. 071 836 3545*

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

BUSINESS IN DIFFICULTY?

Funding plus fast, professional help available from a team of experts.

Please ring City and Industrial Securities PLC on 071-730 9931.

IRELAND, CO. DONEGAL

Beautiful Period Residence and licensed Country Club. Great potential.

O/A £140,000 STG.

Tel: Patterson Stewart 0662 243603

BIZZ-BUZZ No.7 available, Lists of Businesses for Sale & Wanted, including register of Insurance Brokerages and Accountancy Practices, also opportunities in USSR & Bulgaria. Contact JOBTEL, 0636 815285 or fax 0636 815828, 10 Chimes Meadow, Southwell, NOTTS.

£30,000 - £50,000 realistic earnings for BUSINESS CONSULTANTS Accredited by the Institute for Independent British Business through the Consultancy Business Development programme if you are a practising consultant or experienced in Business call the Registrar: 071 839 6555

BUSINESS WANTED

We represent a substantial number of major PLC's in mergers and acquisitions who are constantly looking to acquire sound companies (UK and overseas) either for cash, equity or earn-out deals.

Although not limited to any specific business sectors we have particular requirements in the following areas: food; contract hire; specialist employment and recruitment agencies; office automation; engineering.

We would be pleased to hear from controlling directors and principals of companies with minimum turnover £1m and pre-tax profits £100k, with no upper limits.

for further details please telephone:

MARK DUNN A.C.A. on 0625 535733 or Fax 0625 536001

FUTURES BROKER WANTED

Forex/Futures/Money Broker required by successful, well capitalised financial services company to compliment it's existing operation. Existing management retained.

Principals only to apply in confidence to Box H8984, Financial Times, One Southwark Bridge, London SE1 9HL

WANTED EMPLOYMENT AGENCIES

We wish to purchase Employment Agencies in the South of England with preferably a turnover of £1, million per annum.

Principals only please write to Box H9510, Financial Times, One Southwark Bridge, London SE1 9HL

WANTED VEHICLE CONTRACT HIRE/LEASING BUSINESS

Will consider acquisition, cash injection or reconstruction, including purchase of contracts.

Write in confidence to Box H8995, Financial Times, One Southwark Bridge, London SE1 9HL

MULTI NATIONAL COMPANY

wishes to enter the non-ferrous stock holding industry in the U.K. This would enable synergy within the group. Immediate funds available for acquisition. All replies in strictest confidence to

Write to Box H8977, Financial Times, One Southwark Bridge, London SE1 9HL.

BUSINESSES WANTED

1. Antique and/or Interior Design Publications
2. Gift/Toy Manufacturers - max. £2m turnover

Curtis & Co.
60 Ebury St, London SW1W 9QD
Tel: 071 823 6955
Ref: PS/FO

Application Software House Required

Digital based application software house required for acquisition by expanding D.A.S.P.

Write to Box No: H9509 Financial Times, One Southwark Bridge, London SE1 9HL

A DIVISION OF A SIGNIFICANT

privately owned packaging group is seeking businesses with turnovers in excess of circa £3m; Preferably related to packaging or production engineering.

Write to Box H8979, Financial Times, One Southwark Bridge, London SE1 9HL.

Substantial Client wishes to acquire - Well Established Private Bank

Outright purchase or controlling Stake considered. Initial contact to:
HUGO WINKLER & CO
Management Consultants
665 Finchley Road,
London NW2 2HN
Fax: (071) 433 1808

BUSINESS SERVICES

Wishing to establish your business in Japan but lack the connections and know how?

We can translate and publish all your sales materials in Japanese in way appealing to the Japanese domestic market.

We can also act as your consultant in establishing your foothold in Japan.

Please send the material you wish translated and published together with your company profile to:

CAREER COMMUNICATION INC.
28-2, Yamashitacho, Naka-ku,
Yokohama-shi, Kanagawa 231
Japan
TEL:(045)663-4996
FAX:(045)651-1460

MICROFILMING

Solve your Filing/Storage problems. Our client list of Banks, Hospitals and other organisations are benefiting from up to 95% reduction in storage space.

For Details:
Fax 081 579 1882

INTER EUROPE BUSINESS BUREAU

Mail Address, Telephone, Fax, Company Formation, Secretary, Conference Room Multi-Lingual Tele Sales & Market Research. Specialists in introducing products into the Benelux Countries.

Inter Europe Business Bureau bvba, Van Breestraat 16, Antwerp, Belgium. Tel: (03) 226 6343, Fax: (03) 226 6401

DELAWARE INCORPORATIONS

$115. COMPLETE

Form a corporation within 24 hours.
For free information call or write.
CORPORATE AGENTS, INC.
P.O. Box 1281, Wilmington, DE 19899 USA
TEL: 302 998-0598 FAX: 302-998-7078

HARLEY ST. W.1.Business centre full service and fitted offices. Business Address:- Serv: Tel. Sec. Mail: Fax: Boardroom: Flexible terms. Tel: 071-637 5505Fax: 071-436 8954

DIRECT MAIL LISTS & SERVICES 100'S of ready-made lists immediately available. *Suppliers to leading UK companies.* Free catalogue. Market-scan, Freepost. Chichester, Sussex.Tel 0243 786711

BUSINESS AND ASSETS of solvent and insolvent companies for sale. Business and Assets. Tel 071 262 1164 (Mon - Fri).

IF YOUR BUSINESS would benefit from a cash injection, we can help. telephone 0222 222874.

Policy and Procedure Manuals

I write procedure manuals for Accounting, Administration, Personnel, Production, Quality Control, Systems and Technical Departments.

Excellent references, a record of achievement, experience in many different industries and business operations.

Please call Peter Le Page on 081-840 2721 for details.

FRANCHISING

JANI-KING MASTER FRANCHISE OPPORTUNITY

WHAT RECESSION?

The world's largest #1 ranked franchise commercial cleaning company is offering the master franchise rights for the U.K. Jani-King is ranked as the #3 franchise company in North America and #2 in the fastest growing company category. More than 500 U.K. prospects have inquired about becoming a franchisee. For more information, call Jerry Crawford in Dallas at 214-991-0900 or Fax 214-991-5723.

OFFICE EQUIPMENT

DUE TO RECEIVERSHIP

Entire contents of large office building

Vast quantity of good quality office furniture.
Less than 18 months old.
3 Executive Suites
3 Conference tables & chairs
Light Oak veneered desks 1800 1600 1200
Tables, chairs, filing cabinets, cupboards.

RING TO VIEW
081 549 9339

No machines. Individual items may be purchased.

BUSINESSES FOR SALE

Touche Ross

Edencorp Leisure PLC

(In Administrative Receivership)

The Joint Administrative Receivers N. G. Atkinson and A. R. Houghton have available for sale the shares in the following wholly-owned subsidiaries:

Great Glen Water Park Company Limited

A time share and rental holiday development in the Scottish Highlands.

- 2 freehold sites in close proximity at Loch Oich (24 acres).
- 1 adjacent leasehold site (28 acres).
- 40 purpose built lodges (11 under time share).
- 11 chalets.
- Purpose built restaurant and leisure complex, licensed bar, pool and sauna.
- Small marina with water sports facilities.
- Turnover £1.4m.

Diversol Actividades Turisticas, Limitada

Leisure complex owned and operated in Albufeira, Algarve, Portugal.

- Freehold site.
- Cabaret and dining venue.
- Water Park.
- Complex incorporating restaurants, bars and shops.
- Land suitable for development.
- Turnover £2.4m.

Whitelands Limited

Amusement park situated on a 7 acre site in North Bay, Scarborough.

- 2 chairlifts.
- 2 roller coasters.
- Amusement arcade.
- 3D cinema.
- Cafe.
- Various other attractions.
- Turnover £355k.

Kirkpool Limited

Open-air water park development adjacent to Whitelands Limited, Scarborough.

- Leasehold site with good location.
- Heated pool with two 200m water slides.
- River rapid ride and giant spa bath.
- Cafe, kiosk and shop.
- Turnover £373k.

For further information please contact Mrs S. E. Stephen at the address below.

PO Box 810, Friary Court, 65 Crutched Friars, London EC3N 2NP.
Tel: 071 936 3000. Fax: 071 480 6881.

Member DRT International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Magus Inns Limited

(In Receivership)

This company owns the following hotels:

- Kirkwall Hotel, Orkney (44 rooms)
- Great Western Hotel, Aberdeen (12 rooms)
- Glenburn Hotel, Currie, Edinburgh (12 rooms)
- Total turnover: c. £1m p.a.
- Attractive locations
- Good occupancy rates
- Good function trade

Available for going concern sale individually or collectively.

For further details contact the Joint Receivers:
D D McGruther or A Griffiths, Grant Thornton,
PO Box 151, 112 West George Street, Glasgow, G2 1QF.
Tel: 041-332 7484
Fax: 041-333 0581

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Quality Plastics Re-Cycling Company For Sale

- One of the largest UK independent plastics re-cycling and film extrusion companies.
- Rapidly growing.
- Modern plant.
- Highly profitable.
- Excellent site.
- Strong positive cash flow.
- First class customer list.
- Continuity of management.

Further information may be obtained from Alan Baines, Stoy Hayward, Foxhall Lodge, Gregory Boulevard, Nottingham NG7 6LH.
Tel: 0602 626578. Fax: 0602 691043.

STOY HAYWARD

Accountants and Business Advisers A member of Horwath International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

AVOCET INDUSTRIES PLC (IN ADMINISTRATIVE RECEIVERSHIP) T/A WILLIAM CROSLAND

The Joint Administrative Receivers offer for sale as a going concern, either as a whole or in part, the following business and assets of the above engineering company, which trades from Dukinfield, Manchester.

- *Leading manufacturer of Crosland hand-fed cutting and creasing platens for European Market.*
- William Crosland trade mark established since 1890.
- Service and spares business for 4,000 machines worldwide.
- 40,000 component drawings for full Crosland range.
- Skilled workforce of 15 producing £3.1m turnover for the year ended 31 March 1991.
- Freehold/999 year leasehold premises covering 4,500 square feet.
- Extensive list of machines and spares.

For further details please contact:
Stephen Quinn or Nick Hancock
BDO Binder Hamlyn
Scottish Provident House
52 Brown Street, Manchester M2 2AU
Tel No: 061-831 7121
Fax No: 061-833 0669
DX No: 18567 Manchester 7

BDO BINDER HAMLYN

Chartered Accountants

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Beeches Hotel Rotherham

The Joint Administrative Receivers offer for sale the business and assets of Beeches Hotels and Leisure Limited.

- *Purpose built hotel with wide range of conference and leisure facilities*
- *111 bedrooms*
- *Very long leasehold*
- *Estimated turnover in first year of £2m*
- *Within ½ mile of M1 exit 33 close to a major conurbation*

For further details contact Mark Dobell, Ernst & Young, Barclays House, 6 East Parade, Leeds LS1 1HA. Tel: 0532 431221. Fax: 0532 442241.

Or Joint Agents: Adam Lansdown, Robert Barry & Co, 21 Victoria Avenue, Harrogate, North Yorkshire HG1 5RD. Tel: 0423 566362. Fax: 0423 500053.

Ian Naylor, Weatherall Green & Smith, 29 King Street, Leeds LS1 2HP. Tel: 0532 442066. Fax: 0532 457413.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

FOR SALE

Offers invited for small group of 4 retail sports shops in prime precinct locations in S. Home Counties. T/O £1.2m, gross profit 41%.

Write Box No: H9507 Financial Times, One Southwark Bridge, London SE1 9HL

Engineering Co.

Special purpose machinery manufacturers & textile engineers. East Midlands T/O £250K. Excellent client base. Sale for retirement reason.

Write Box H8990, Financial Times, One Southwark Bridge, London SE1 9HL

Whittlesey Motors Ltd (In Receivership)

Whittlesey, near Peterborough

- Modern freehold garage premises, approx. 1 acre
- Recently installed forecourt and shop
- Full car and body repair facilities
- Showroom and offices approx. 3,000sq ft

For further details contact the Joint Administrative Receiver:
Michael J Scott, Grant Thornton,
49 Mill Street,
Bedford MK40 3LB
Tel: 0234 211521
Fax: 0234 325717

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Interesting Businesses for sale

Our list of profitable acquisition opportunities include

Small Precision Engineering Co
Multi-disciplined Communication Co with top client list
Hydraulic crane distributor
Chemical etched component Manf
Military/Hazardous area electrics

Melville Associates Limited
10 Charlotte Square,
Edinburgh EH2 4DR
Tel: 031-226 7676 Fax: 031-220 0386

CHARTERED ACCOUNTANTS

General sole practice with unique client base for sale. Fees £180K, net profit well above average, still expanding despite recession. Would suit sole practioner dedicated to providing friendly and professional service or medium-sized practice wishing to increase fee base. Prominent city location on South Coast.

Write Box No: H9502 Financial Times, One Southwark Bridge, London SE1 9HL

PLASTICS AND RUBBER MOULDING MACHINERY MANUFACTURER

Our client is seeking offers for its well established capital goods subsidiary, manufacturing machinery for the plastics and rubber moulding industry.

- Market Leader
- Sophisticated Products
- Advanced Materials
- Modern Technology
- Comprehensive Design Facilities

Principals only should apply in writing to:
Peter Carter
Barclays de Zoete Wedd Limited
Phoenix House
1/3 Newhall Street, Birmingham B3 3NH
or by fax: 021 233 3876

MENSWEAR RETAILER NORTH WEST

Top quality continental clothing Owner returning abroad, hence realistic price.

Write to Box H8974, Financial Times, One Southwark Bridge, London SE1 9HL.

PETROL FILLING STATION AND DEVELOPMENT SITE NOTTINGHAMSHIRE

8,000 GPW, No ties, Office, Warehouse, Showroom, Forecourt (30 cars), Large Workshop. Planning consent for Shop and Carwash Development consent for 3 houses. Write to Box: H9504 Financial Times, One Southwark Bridge, London SE1 9HL

Old established printing business in Home Counties for sale with turnover of about £200,000. Floor area 2,000 sq.ft., useful plant. Owners retiring. Write Box No: H9501 Financial Times, One Southwark Bridge, London SE1 9HL

HOTELS & LICENSED PREMISES

HOTEL DE LUXE - 60 Keys, Pool, etc.

PALM BEACH FLORIDA USA
Price: £3,750,000,00
Cash: £1,750,000,00
Unique opportunity to acquire a perfect hotel.

Write to Box H8991, Financial Times, One Southwark Bridge, London SE1 9HL.

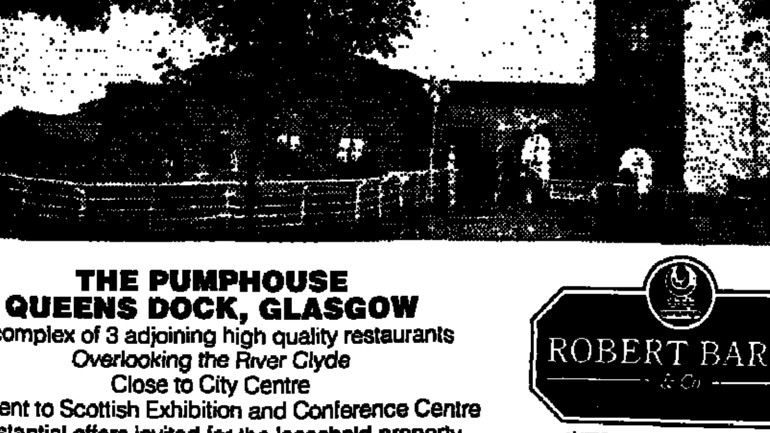
AIRCRAFT FOR SALE

AIRCRAFT SALES

Business Aircraft Sales & Operating Leases
• Insurance • Management • Crewing & Maintenance • Charter Broking •

Fields

HUNTING Contact Neil Harrison
Tel: 0753 [illegible]
Telex: 8952145 [illegible]
Fax: 0753 [illegible]



THE PUMPHOUSE QUEENS DOCK, GLASGOW

A complex of 3 adjoining high quality restaurants
Overlooking the River Clyde
Close to City Centre
Adjacent to Scottish Exhibition and Conference Centre
substantial offers invited for the leasehold property
Tel: EDINBURGH 031-225 2944

ROBERT BARRY & Co

NATIONAL SPECIALIST AGENTS, VALUERS AND SURVEYORS FOR HOTELS, LEISURE AND LICENSED PROPERTY.

Shaw's County Bakeshop Enterprises Limited

(In Administration)

The Administrator offers for sale on a going concern basis the business and assets of the above company.

- *Established in 1977*
- *Manufacturer and retailer of a variety of bakery produce*
- *30,000 sq ft freehold factory and 24 retail outlets (freehold and leasehold) in Merseyside*
- *Annual turnover approximately £4m*
- *Skilled workforce*
- *Approximately 170 employees*

For further details please contact the Administrator, F.W. Taylor, Ernst & Young, Silkhouse Court, Tithebarn Street, Liverpool L2 2LE. Telephone: 051-236 8214. Fax: 051-236 0258.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

BUSINESSES FOR SALE

Decorative Lighting Products

N.J. Hamilton and W.S. Martin, the Joint Administrative Receivers of Inlite Group Limited and various subsidiary companies, offer for sale the businesses and assets of the following:

Inlite U.K. Limited
Base and Shade Co. Ltd
Inlite (Banbury) Limited
- *Turnover £5.9m p.a.*
- *Location – Blackwood, Gwent*
- *Trading Names: Herald Lighting, Maclamp, Studio 17, Scan Lighting, Alma Lighting*

B.R.P. Lighting Limited
- *Turnover £1.7m p.a.*
- *Location – Greater Manchester*
- *Patented products*

Sublime Lighting Limited
- *Turnover £2.2m p.a.*
- *Location – Doncaster*
- *Branded products*

All companies are engaged in the manufacture and distribution of decorative lighting products to a wide range of customers. For further information on the above please contact any of the following:

Jack Lewis or Vaughan Jones, Ernst & Young, Pendragon House, Fitzalan Court, Fitzalan Road, Cardiff CF2 1TF. Telephone: 0222 484641. Facsimile: 0222 390565.

Scott Martin, Ernst & Young, Lowry House, 17 Marble Street, Manchester M2 3AW. Telephone: 061-953 9000. Facsimile: 061-834 7117.

William Tacon, Ernst & Young, PO Box 3, Lowgate House, Lowgate, Hull HU1 1JJ. Telephone: 0482 25531. Facsimile: 0482 20284.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Metal Fabricators Manchester

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of Green Brothers (Fabrications) Limited. Principal features include:
- *Precision fabricators in all metals for use in truck and railway bodies*
- *Annual turnover in excess of £3 million*
- *Operating from freehold and leased premises in the centre of Manchester*
- *58 employees*
- *Blue chip customer base*
- *Order book in excess of £350,000*

For further details please contact John Warren, Scott Martin or Manu Mistry, Ernst & Young, Lowry House, Manchester M2 3AW.
Telephone: 061-953 9000. Fax: 061-834 7117.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

L. J. Steel (Jewellers) Limited

(In Administrative Receivership)

Long established jewellery and gift shop occupying a prime location in the centre of Bowness in Windermere, Cumbria.
- *Freehold property, approximately 2,000 sq ft*
- *Turnover £375,000 p.a.*
- *Stock in excess of £100,000*
- *Recently opened first floor cafe for up to 40 covers*
- *Sideline business retailing hearing aids and providing after sales professional advice and repairs*

All enquiries to R.M. Griffiths, Joint Administrative Receiver, Ernst & Young, Central Exchange Buildings, 93A Grey Street, Newcastle upon Tyne NE1 6EJ.
Telephone: (091) 221 1222. Fax: (091) 261 2916.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

BROADCLOUGH FINISHING COMPANY LIMITED

(IN ADMINISTRATIVE RECEIVERSHIP)

The Joint Administrative Receivers offer for sale on a going concern basis the business and assets of a significant textile dyeing and finishing contractor located in Bacup, Lancashire.

- Well established reputation.
- Large customer base with significant repeat business.
- Substantial premises approx. 50,000 sq. ft.
- Turnover approx. £1.8m per annum.

For further information, please contact:
J J Gleave or G Houghton at:
Arthur Andersen & Co.
Bank House
9 Charlotte Street
Manchester M1 4EU
Tel: 061 200 0297
Fax: 061 200 0343

ARTHUR ANDERSEN

FOR SALE
PROFITABLE MANUFACTURING BUSINESS
(ELECTRICAL ENGINEERING)

- Turnover £5.0 million p.a.
- Solid profit record
- Strong cash flow
- Well established
- Based in Yorkshire
- Freehold premises
- Blue chip customer base
- Sound management
- Skilled workforce

Write to Box H8954,
Financial Times,
One Southwark Bridge,
London SE1 9HL.

Smithdown Group Ltd
(and certain subsidiaries)
(In Receivership)
Hale, Cheshire

- Strategic consultancy, design and contracting companies
- Freehold and investment properties
- Annual turnover approx. £15m
- Blue chip client base
- Highly professional, motivated management team

For further details contact the Joint Administrative Receivers: Malcolm Shierson or Allan Griffiths, Grant Thornton, Heron House, Albert Square, Manchester M2 5HD.
Tel: 061 834 5414.
Fax: 061 832 6042.

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

TEMPBRIDGE HOLDINGS LIMITED

(In Administrative Receivership)

The Joint Administrative Receivers, Hedley Brunt and Rod Withinshaw, offer for sale as a going concern the business of the above Company and its three subsidiaries. The Companies specialise in the servicing, refurbishment and rental of construction equipment and specifically large earth moving dump trucks of 15 to 50 tons.

- Freehold yard of 1.8 acres near Leamington Spa, with storage premises, convenient to M40.
- Leasing fleet of 22 vehicles
- Turnover 1990 - £2.2 million
- Blue Chip customer base

For further information, please contact Hedley Brunt at

Kidsons Impey
Bank House
8 Cherry Street
BIRMINGHAM
B2 5AD
Tel 021 - 631 2631
Fax 021 - 236 2856

KIDSONS IMPEY
Chartered Accountants

Contract Swimwear Design & Manufacture

The Joint Administrative Receivers, W.J.H. Elles and W.S. Martin of Trulo By Design Limited offer for sale its business and assets. Principal features include:
- *Leasehold premises, 14,800 sq ft in Poole, Dorset*
- *Leasehold unit in Market Harborough suitable for CMT work*
- *Strong UK customer base*
- *Turnover in 1990 around £3 million – 30% export sales*

For further information please contact Jason Elles at Ernst & Young, Wessex House, 19 Threefield Lane, Southampton SO1 1TW.
Telephone: 0703 230230. Fax: 0703 227409.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Toby Wallis Television Limited

(in Administrative Receivership)

The Joint Administrative Receivers offer the business and assets for sale as a going concern.

- Established video editing, graphics and post production facilities
- £450,000 turnover
- Clients in the corporate, broadcasting and commercial sectors
- Leasehold offices in London W1

For further information please contact the Joint Administrative Receivers:
Nigel Ruddock

ROBSON RHODES

The Galleria, Station Road, Crawley, West Sussex RH10 1HY.
Telephone: 071-865 2555 Fax: 0293 521737

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Opportunity to Acquire the Business and Assets of

Pausehurst Limited trading as Pausehurst Vehicle Components

Principal features include:
- Turnover in the financial year ended 31 March 1991 approximately £4.3m
- Leasehold and rented premises, Swaffham, Norfolk totalling 3000 sq ft approx
- £150K approx component parts stock for major European car manufacturers
- Workforce of 7

For further particulars, contact Jonathan Sisson and Mark Palios, Joint Administrative Receivers, Cork Gully, The Atrium, St Georges Street, Norwich, NR3 1AG. Tel: (0603) 619425 fax: (0603) 631060.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

Cork Gully

Smith & Williamson

Corporate Recovery · Litigation Support · Corporate Finance · Taxation · Banking Investigations · Investment Management · Pensions & Life Assurance · Accounting · Auditing

CAPITAL LANDFILL RESTORATION LIMITED

The Joint Administrative Receivers offer for sale the above company's interest in an option to acquire a slate quarry in North Wales.

Closing date for offers 26th July 1991.

For details, contact Peter Yeldon or Kieran Day on 071-637 5377 at the offices of Smith & Williamson, No. 1 Riding House Street, London W1A 3AS. Fax: 071-323 5683.

Smith & Williamson, Chartered Accountants. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

Smith & Williamson Securities. Authorised institution under Banking Act 1987. Member of IMRO. Member of the British Merchant Banking and Securities Houses Association

RESTAURANT GROUP FOR SALE

12 RESTAURANTS
TURNOVER £6.4 MILLION (1990)

SPECIALISING IN PIZZA AND PASTA

2 KEY EXECUTIVES AVAILABLE ON CONTRACTS IF REQUIRED

1 SITE UNDEVELOPED

OPERATING PROFIT C.£1.5M.

Write Box H 9520, Financial Times,
One Southwark Bridge, London SE1 9HL

NORTH CORNWALL
Recently Completed Holiday Complex

- Suitable for Hotel/Timeshare use
- 37 One-Three Bedroom Units
- Extensive Leisure Centre
- Freehold
- Approximately 30 acre site

FOR SALE

All enquiries in writing to:-
DWJ Advertising Ltd (Ref: M174)
104-110 Goswell Road, London EC1V 7DH

MANUFACTURER OF MECHANICAL HANDLING SYSTEMS

Our client is seeking offers for its well respected design and build subsidiary supplying sophisticated mechanical handling systems to a blue chip customer base with an innovative design team.

Principals only should apply in writing to:
Charles Cattaneo
Barclays de Zoete Wedd Limited
Phoenix House
1/3 Newhall Street, Birmingham B3 3NH
or by Fax: 021 233 3876

FULLY LISTED PUBLIC COMPANY

Part or Full control available owing to retirement of Chairman.
Market Cap. £5.5 million.
Famous name consumer products and other subsidiaries.

Write to Box H9503, Financial Times,
One Southwark Bridge, London SE1 9HL

FOR POSSIBLE SALE

Well managed unquoted PLC marketing complete computer systems based around exclusive market leading software for specialised recession proof buyers. Very conservative fully supported projection indicates incomes 1991-1996 IRO £8M with net over £3M. Excellent staff can remain. MD (majority shareholder) is considering retirement thus ready to discuss disposal on flexible basis.

Phone Mr. J.M.B. on 081-940 0033 office/071-702 2876 evenings/weekends.

LEADING CONSERVATORY COMPANY

with an established nationwide reputation for quality. Glass and joinery manufacturer. Sales £3M. Order book £600K. The profitable business for sale. For further information please write to:

Baker Tilly, Chartered Accountants (Ref CJL)
2 Bloomsbury St., London WC1B 3ST.

COMPUTER SYSTEMS AND SERVICES GROUP

A successful Computer Services Group is seeking to dispose of all or parts of its business to an organisation capable of expanding the present range of activities into the *European Market.*

The Group has a range of software products well established in specific vertical markets and its customer base includes many prestige organistions. Software support contracts provide significant ongoing revenues whilst recent orders for newly developed products will ensure further growth during the next year.

The group has a history of several years of profitable growth and the Directors, who are keen to remain with the business, wish to ensure that the full potential of the product range is exploited.

Interested parties, principals only, should write in strictest confidence to:

Box H8993, Financial Times
One Southwark Bridge, London SE1 9HL

Retirement sale of profitable engineering business based in Sussex manufacturing precision electro-mechanical products that sell into UK and international niche markets. Sales over next twelve months should exceed £1 million (70% overseas) with forecast PBT of £120K-£150K. Would particularly suit company with existing overseas sales network that could realise international market potential for the products and thus increase sales and profitability since GP exceeds 50%.

Principals only please, write
Box H9000, Financial Times,
One Southwark Bridge, London SE1 9HL

HEALTH CLUB FOR SALE CLOSE TO CHELSEA

8,000 sq. ft. Fully equipped gymnasium with 700 members. Vendor would consider joint venture, price on application.

Write Box H8985, Financial Times, One Southwark Bridge, London SE1 9HL

MAGAZINE FOR SALE

Market leader.
Business to Business magazine with strong recruitment section.

Write Box H9519, Financial Times, One Southwark Bridge, London SE1 9HL.

FOR SALE

Freehold quarry located near Manchester Limestone Reserves in excess of 3 million tons with waste disposal permission. Modern plant. Currently operational.

Write box H8957 Financial Times, One Southwark Bridge, London SE1 9HL.

BUILDERS MERCHANTS

Somerset/Avon- purpose built modern freehold premises 2½ acres, turnover £2½ m. p.a. plus further 2 depots £1½m p.a. Quick sale required.

Write to Box H8998, Financial Times,
One Southwark Bridge,
London SE1 9HL.

CHANDLERY

Well established. Sales over £1 million. Prime Retail Location. South Coast. Genuine Reason for Sale.

Write Box No: H8992 Financial Times, One Southwark Bridge, London SE1 9HL

ELECTRONIC COMPONENT DISTRIBUTION GROUP FOR SALE

Owners seeking retirement. Comprises two Companies with combined total turnover of around £6 mil. Based in South East, both Companies are trading profitably with excellent Agency/Franchises and wide customer base.

Write to Box H8982, Financial Times,
One Southwark Bridge,
London SE1 9HL.

HEALTH CLINIC

Recently established & well equipped private health clinic with considerable potential. East Midlands FOR SALE, Owner looking to continue with some equity involvement, CONTACT: JobTel Ltd, 10 Chimes Meadow, Southwell Notts, Phone 0636-815265; Fax: 0636-815828.

FOR SALE

Manchester based Beers, Wines, Spirits and Soft Drinks Wholesaler.
Current Turnover £2M Plus
Delivery Service & Cash and Carry
Serious Enquiries Only
Apply Box No: H8994 Financial Times,
One Southwark Bridge, London SE1 9HL

Injection Moulding Company

Seeks Merger
High Quality Injection Moulding Company with Ancillary Printing and Assembly Facilities.
Servicing Good Quality Trade Customers.
Breaking Even on the Turnover of £1.3m.
Seeks Merger with Company of Similar Size.
Outright Sale Would be Considered.

Principals only: write Box H9506, Financial Times, One Southwark Bridge, London SE1 9HL or by fax on 071-436 0508

MOTOR DEALERSHIP

A prestige European Franchise may be available shortly in South Wales.

Principals only. Please write Box H9522, Financial Times, One Southwark Bridge, London SE1 9HL

BUSINESSES FOR SALE

Hughes Food Group Plc

In Receivership

This Group comprises a number of highly successful and profitable companies and this is an exciting opportunity to acquire or to expand existing interests in the food supply and food services sector. The companies for sale are not the subject of insolvency proceedings and are trading normally at the present time.

S & A Foods (Midland) Limited

Derby, Midlands

Hughes Food Group plc owns 75% of the issued share capital of this manufacturer and supplier of chilled ethnic convenience meals.

- Projected 1991/92 sales £6 million.
- Projected 1991/92 trading profit of £1.4 million.
- Supplier to major food retailers.
- Developing own branded products.
- Freehold land and buildings with a modern factory and offices of approximately 10,000 square feet.
- Plant and equipment include dedicated processing lines specific to current and forecast production.
- 85 employees.
- Significant growth experienced by this company operating in a fast growing sector of this niche market.

Idwal Fisher Limited

Bradford

A leading manufacturer and supplier in the domestic market of par fried potato chips and jacket potatoes.

- Projected 1991/92 sales of £9 million.
- A well established brand name ("Kingfisher")
- Supplier to wide variety of customers, including highest quality caterers.
- Projected trading profits of 1991/92 of £1 million.
- Leasehold office accommodation and factory.
- Plant and equipment currently capable of 40,000 10 kilogram boxes of chips per week.
- Opportunities to expand into other potato products.

Polar Distribution Services Limited

Hull, North Humberside

Operator of six cold stores situated throughout Humberside, Scotland and Northern Ireland, this company also includes a frozen food distribution service in Glasgow and a fish processing factory in Scotland.

- Projected 1991/92 sales of £6 million
- Substantial freehold and leasehold property interests.
- Plant and equipment includes cold stores, refrigerated vehicles and specialised fish processing and packaging equipment.

Peterhead Marine Electrics Limited

Peterhead, Aberdeenshire

Supplier of marine electrical services.

- Projected 1991/92 sales of £0.1 million
- Leasehold premises with a current rental of £3K per annum.

Halas Pharmaceuticals Limited

Wetherby, North Yorkshire

Manufacturer and contract packer of pharmaceutical and veterinary products

- A licensed site under The Medicines Act
- Sales to hospitals and health authorities
- Leasehold factory in Wetherby, North Yorkshire with a current annual rent of £20,000.

Peterhead Ice Company Limited

Peterhead, Aberdeenshire

This is the sole manufacturer of tube ice for sale to fishing vessels in the area.

- Projected 1991/92 sales of £0.8 million.
- Projected 1991/92 trading profit of £0.3 million.
- Short term leasehold over the pier at Seagate, Peterhead.
- Plant and equipment including ice-making machinery.

Laurel Farm Chilled Foods Limited

Goole, North Humberside

Wholesaler and distributor of a wide variety of chilled and frozen foods, located at Goole with further depots at Doncaster, Rochdale and Goole.

- Projected 1991/92 sales of £6.3 million to a number of key retailing customers.
- A number of key third party distribution contracts.
- A number of exclusive agency agreements.
- Leasehold offices of 4,300 square feet and storage and distribution facilities of 900,000 square feet.
- Plant and equipment including a cold store, a chill store, forklifts and expotainer trolleys.

Eurocon Packaging Limited

Hull, North Humberside

Collapsible tube manufacturers, contract packers and manufacturers of toiletry products.

- Projected 1991/92 sales of £4 million including significant export sales.
- Freehold land comprising 1½ acres in Hull, North Humberside.
- Leasehold buildings comprising of factory and office accommodation of 30,000 square feet
- Equipment includes extensive production lines and filling and mixing equipment.

For further information about the companies assets and businesses being advertised, please write to:
D J Waterhouse Esq, Coopers and Lybrand Deloitte, Chartered Accountants, 5 Albion Place, LEEDS, LS1 6JP quoting reference DJW/SCEM/CHC314 Fax: (0532) 434567 Tel: (0532) 431343
(If telephoning please ask for the Hughes Food Information Desk) Enquirers will be asked to specify the business(es) about which they wish to receive particulars.

Coopers & Lybrand Deloitte

Coopers and Lybrand Deloitte is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

Space Communications (SAT-TEL) Limited

The Joint Administrative Receivers offer for sale as a going concern, the business and assets of Space Communications (SAT-TEL) Limited.

The company was established in 1982 to research, develop and distribute satellite reception equipment. The product range includes advanced scrambling systems, supplied to the UK and other major European broadcasting organisations.

Salient features include:

- Annual turnover of £1.9 million.
- Well equipped leasehold research, manufacturing and administration premises.
- Plant, machinery and stock.
- Specialised research equipment.
- Intellectual property rights.
- Potential for further licence agreements.

For further information contact the Joint Administrative Receiver, Tony Thompson, KPMG Peat Marwick, Norfolk House, 499 Silbury Boulevard, Central Milton Keynes MK9 2HA.
Tel: 0908 661881. Fax: 0908 664363

KPMG Corporate Recovery

BUSINESS FOR SALE

Tuesdays, Saturdays and now FRIDAYS

For further information please contact

Gavin Bishop on 071-873 4780

or

Melanie Miles on 071-873 3308

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

INTERNATIONAL TEXTILE PROCESSORS LIMITED

(IN ADMINISTRATIVE RECEIVERSHIP)

The Joint Administrative Receivers offer for sale the business and assets of the above company.

* Leading UK supplier of brushed fabrics.
* Approved supplier to major retail stores.
* Accredited laboratory.
* Export fabric sales programme.
* Freehold 41,000 sq. ft. factory in central Leicester.
* Approximately 50 employees.
* Turnover approximately £3 million.

For further information, please contact:
David Lovett or David Duggins at:
Arthur Andersen & Co.
1 Victoria Square
Birmingham B1 1BD
Tel: 021 233 2101
Fax: 021 643 7647

ARTHUR ANDERSEN

IB

BEFORE YOU BUY THE BUSINESS.
WE'LL TELL YOU ABOUT
THE BUSINESS THEY'RE IN
AND WHO ELSE IS IN IT.

IIB S.A., CP 218, Petit-Lancy 2, CH-1213 Geneva
Telephone (+41 22) 788 2751 Fax (+41 22) 788 2726

BUSINESS OPPORTUNITIES

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

Allman Kershaw

4 Huntingdon Court, Market Street, Ashby-de-la-Zouch, Leicestershire LE6 5AL

VALUABLE HOTEL & GOLF COURSE SITE

- FRONTING THE A5 TRUNK ROAD - M69 (J.1) - 1 mile
- SITUATED HALFWAY BETWIXT LEICESTER AND COVENTRY (Both 12 MILES M69)
- ACCESS TO M6 (7 MILES) AND M1 (5 MILES)
- 134 ACRES WITH p.p. 18 HOLE GOLF COURSE
- P.P. 130 BEDROOMED HOTEL
- PROMINENT POSITION - OFFERING BASE OF ACCESS TO 2 MAJOR POPULATION AREAS
- 2 INTERNATIONAL AIRPORTS 25 MILES
- 3 B/R MAINLINE STATIONS 10/20 MINS
- NEC, NAC, & NEW BIRMINGHAM INTERNATIONAL CONFERENCE CENTRE - 25 MINS

FOR SALE BY PRIVATE TREATY
SUBSTANTIAL OFFERS INVITED
contact
JOINT SELLING AGENTS
ALLMAN KERSHAW (0530) 560660

NEW TO MARKET 1991 PLANNING PERMISSION

RETIREMENT/ ROLL-OVER RELIEF

Will you miss out on the reduction in age qualification to age 55?
Anyone who sold business assets (not shares) during the past 3 years or contemplates such a sale, aged 50 or over, seeking passive property backed roll-over on largely geared basis, should write:

Box No. B8475.
Financial Times, 1 Southwark Bridge, London, SE1 9HL.

BELIZE International Business Companies

Company Formation and Associated Services.

Contact: The Belize Bank Limited,
Corporate Services Division
60 Market Square,
P.O. Box 364
Belize City, Belize, C.A.
Tel: (501) 2-77132/Fax: (501) 2-77018

PUBLIC NOTICES

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SECTION 10(7) OF THE TELECOMMUNICATIONS ACT 1984

Licences to run telecommunication systems granted under Section 7 of the Telecommunications Act 1984 to Mercury Personal Communications Network Limited, Microtel Communications Limited, and Unitel Limited.

1. In pursuance of section 10(7) of the Telecommunications Act 1984 ("the Act"), the Secretary of State hereby gives notice:

(a) that he has duly reconsidered the proposals in respect of which he published a notice on 13 May in pursuance of sections 8(5) and 10(6) of the Act regarding his intention to grant telecommunications licences under section 7 of the Act to each of Mercury Personal Communications Network Limited, Microtel Communications Limited, and Unitel Limited ("the Licensees") to run telecommunication systems within the United Kingdom and to apply the telecommunications code contained in Schedule 2 to the Act (except paragraphs 9, 10 and 12 of the code) to each of the Licensees (subject to the exceptions and conditions the effect of which was set out in that notice) in the light of the representations and objections made to him in respect of those proposals;

(b) that he has granted such a licence to each of the Licensees each being a licence which includes conditions such that section 8 of the Act applies to it; and

(c) that he has applied the telecommunications code (except paragraphs 9, 10 and 12 of the code) to each of the Licensees in relation to the whole of the United Kingdom subject to exceptions and conditions which have the effect of requiring each of the Licensees:

(i) except in the case of certain emergency works and except where the installation of the apparatus needs formal planning permission, to give written notice to the Planning Authority of proposals to install telecommunications apparatus above the ground, including, on the first occasion on which such notice is given, notice of the expected location of other telecommunications apparatus to be installed above the ground in the area covered by that planning authority, and to install it in accordance with the written notice given, or with any reasonable conditions notified by the authority within 28 days of the giving of that notice, not less than 28 days from the giving of that notice unless the Planning Authority consents in writing;

(ii) except in the case of certain emergency works and except where the installation of apparatus needs formal planning permission, to give written notice to the Planning Authority and to obtain specified consents before installing telecommunication apparatus in proximity to certain monuments or listed buildings of special architectural or historic interest and to install it not less than 40 days from the giving of that notice except where the Planning Authority gives its written consent, or, where the Planning Authority objects to the proposed installation, to install it only where the Planning Authority subsequently agrees in writing or the Secretary of State so directs in writing after consulting the Planning Authority;

(iii) except in the case of certain emergency works and except where the installation of apparatus needs formal planning permission, to give written notice to the Planning Authority before installing apparatus on or above the ground in a Conservation Area, National Park, National Scenic Area, Area of Outstanding Natural Beauty, The Broads, the New Forest or a Limestone Pavement Area and to install the apparatus only with the agreement of the Planning Authority or as directed by the Secretary of State, and to install it not less than 40 days from the giving of that notice except where the Planning Authority gives its written consent, or, where the Planning Authority objects to the proposed installation, to install it only where the Planning Authority subsequently agrees in writing or the Secretary of State so directs in writing after consulting the Planning Authority;

(iv) except in the case of certain emergency works to give written notice to the relevant authority before installing apparatus in a National Nature Reserve, Site of Special Scientific Interest or Area of Scientific Interest, and to install it not less than 40 days from the giving of that notice except where the relevant authority gives its written consent, or, where the relevant authority objects to the proposed installation, to install it only where the relevant authority subsequently agrees in writing or, in the case of a National Nature Reserve or Site of Special Scientific Interest, if the Secretary of State so directs in writing after consulting the relevant authority, and in any case to comply with any direction given by the Secretary of State in relation to any such Site or any other specified environmentally sensitive area;

(v) to give notice to any body to whom prior notice would otherwise have had to be given as soon as practicable after commencing any emergency works;

(vi) to carry out safety inspections of outdoor apparatus which is on or above ground and to investigate reports of any of its apparatus being dangerous and to remove any danger;

(vii) to take all reasonable steps to ensure, in particular by giving instructions to its employees and agents about specified matters relating to the installation of telecommunication apparatus, that the minimum practicable number of items is erected; that apparatus is installed so that it does not present a safety hazard; that the visual amenity of properties in proximity to their apparatus is protected; and that the joint use of existing masts and the joint erection of new masts is investigated; and

(viii) to place copies of Schedule 4 to the licence and any direction under section 10(4) of the Act in a publicly accessible part of certain of its offices where they can be inspected by the public free of charge.

2. The Secretary of State has applied the telecommunications code (except paragraphs 9, 10 and 12 of the code) to the Licensees to have effect throughout the United Kingdom:

(a) in order to facilitate the establishment by the Licensees of telecommunication systems with a view to securing that there are provided telecommunication services which will satisfy demands for such services so provided; that the interests of consumers, purchasers and other users of telecommunication services are promoted in respect of the prices charged for, and the quality and variety of, telecommunication services provided, that effective competition is promoted between persons providing telecommunication services and that the other duties imposed on him by section 3 of the Act are fulfilled;

(b) subject to the exceptions and conditions referred to in paragraph 1(c) above, because he considers that the said exceptions and conditions secure the objectives set out in section 10(4) of the Act and that they provide proper arrangements for the installation of apparatus which will not present safety hazards, for keeping records and for public inspection of the documents referred to in paragraph 1(c)(viii) above.

4. Copies of the licence may be obtained from the Office of Telecommunications, Export House, 50 Ludgate Hill, London EC4M 7JJ, price £5.00 including postage and packing.

N C DAVIDSON Department of Trade and Industry.

Perfect prints, purchased for pennies

William Packer on the collection of Ambroise Vollard, and a fine selection of watercolours

With works of art the sum is not necessarily greater than the parts, yet any coherent group or collection, of whatever kind, is always worth a second look. Late as it is, it is still not too late to catch sight in London of two rather special examples.

Ambroise Vollard (1867-1939) was a Parisian picture-dealer who was also a pioneer in publishing and dealing in fine art prints. He looked in particular to artists who were either not yet established as print-makers, or had yet to think of themselves as such, for the work he commissioned. His first folio appeared in Paris in 1895, and Agnew's (43 Old Bond Street W1: until Friday) has brought together most of what appeared under his name before 1914.

In an age when the artist's print is both a commonplace and a notorious money-spinner, it is salutary to look back to a time when the work of the greatest artists of the day was readily accessible to the most modest of collectors. Good luck to the artists and dealers who can command the prices, but the principle of the cheap signed and editioned image is gone for ever. We have only to look at the figures to bow to the inevitable. Take a name of the moment, a characteristic image in an edition of 100 or more, an asking price well into four figures, and goodness, how the pounds mount up.

In the 1890s, the prints of Forain, Daumier, Lautrec and others were to be picked up for pennies, and the Japanese wood-cuts that had so profound an influence on the fin-de-siécle avant-garde were still flooding into Europe as barely more than wrapping paper.

Vollard's first major essay as publisher, the *Album des Peintres-Graveurs*, appeared in the summer of 1896 in an edition of 100 at the price of FFr100. It held a print by each of 22 artists, including Bonnard, Denis, Fantin-Latour, Munch, Redon, Renoir, Vuillard. . . The following year the list was extended to 32 images from 31 artists, for Bonnard had also designed the cover.

Couverture of the *Amour* album, by Maurice Denis, published by Vollard

Train Landscape, 1940, by Eric Ravilious, from the Brush to Paper exhibition

A third album was planned for 1898 but never appeared. Instead Vollard had already begun to commission suites of prints from individual artists, set on certain themes, and these began to appear before the turn of the century.

Redon came first in 1896 with his third series of lithographs after Flaubert's *Temptation of St Anthony*, 24 in all. Then in 1898 came *Amour*, an album of 12 prints by Maurice Denis, followed the next year by Bonnard's *Quelques Aspects de la Vie de Paris* and Vuillard's *Paysages et intèrieurs*.

Roussel's *Paysages* (1900) never got beyond seven of the projected 12 prints, and there was then an interval. Vollard by then had grown interested in the idea of the artist's book and had already asked Bonnard to illustrate Verlaine's notorious *Parallèlement* (1900). But he would return eventually to the portfolio. In 1913, having lately acquired the plates of 14 of the symbolist etchings and dry-points that Picasso had made around 1905, of the clown and his family, he republished them as an album titled *Les Saltimbanques*.

Agnew's is showing all these sets complete and the greater part of the remainder. All are in such remarkably fine condition that even the most familiar of the images – Lautrec's pony and trap setting out for the country, perhaps, or Bonnard's black-coated laundry-woman, with her little dog and heavy gamp – seem again new, fresh and stimulating. The opportunity to see so much together again that was indeed always intended to be enjoyed *ensemble* if not *en serie*, is not one to miss.

Brush to Paper, the selection of British watercolours from the collections of the Aberdeen Art Gallery now on show at the Bankside Gallery (48 Hopton Street SE1: until Sunday: sponsored by Texaco) cannot boast quite such particularity, yet it too is mutually sustaining and coherent through the several sections by which it is arranged. It embraces the work of some 250 years, from Sandby and Rowlandson to Bellany, and evinces a natural though by no means excessive Scottish bias.

Rather than the conventional chronology, it chooses to offer a number of categories by which the works may be linked in general sympathy across the centuries – Ships & the Sea; The Daily Round; Caledonia Stern & Wild; The Artist on Tour and so forth. None of these need be taken too seriously, but the cross-reference thus encouraged is often as intriguing as it is amusing – Rowlandson's deliciously raffish Coffee House of the 1790s, for example, seen against the two women of Jim Lovegrove, gossiping away in a cafe in the 1950s.

There are any number of beautiful things, and not all of them by the most obvious names. I had not come across George Wilson, a Victorian painter, yet his *On the Bogie*, of distant hills seen across an expanse of water-meadow, sits happily here with anything of Cox or Cozens, even Turner.

There are of course excellent examples of the more familiar and expected names. At random: Girtin, Clausen, Nash, Ravilious, Bonnington, Stanfield, Gillies, Cowie, Blackadder, Piper, Sargent, Melville, Eardley, both Johns, and I noted in particular Norman Adams' rough abstracted seascape, Dyce's study for *Pegwell Bay*, and Pinwell's poignant pre-Raphaelite *The Princess and the Ploughman*. Erskine Nicol's Wilkie-esque *The Tenant's Reply* is the funniest single item and Ian Mackenzie Smith's recent large, simple and abstracted *Second Lecht Gate*, barely more than an elegantly colourful oriental idiogram, perhaps the most consciously exquisite.

Mr Smith is the director of the Aberdeen Art Gallery, a rare example in our time of the artist allowed such executive responsibility. He came into a magnificent inheritance, for Aberdeen's was already as good a civic collection as any in the two kingdoms. Yet over some two decades now he has kept that collection conspicuously alive in difficult times through his policies of acquisition and exhibition. Long may he continue.

Some Days

ALBERT HALL & RADIO 3

The music of Mark-Anthony Turnage and the Proms seem made for each other. Last year the large-orchestral work *Three Screaming Popes* had a warmly enthusiastic welcome; on Sunday the same happened for the new set of songs, *Some Days*, of which the mezzo-soprano Cynthia Clarey and the Royal Opera House Orchestra under Bernard Haitink gave the first performance (as part of the John S. Cohen Foundation series of concert commissions for the ROH orchestra).

This underlines two particular virtues in the young composer's idiom, both happily linked: the large, immediate appeal of his harmonic language, tinted by the blues, popular song, and Mahler, Stravinsky and Tippett in equal measure, and the tautly disciplined feeling for mood and atmosphere. Turnage, though he came to public attention as the roaring-boy creator of the "scandalous" opera *Greek*, has in reality always shown rare fastidiousness in his control of notes and colouristic details. This cycle – four short, ruefully tender blues-poems enclosing a central orchestral "Tango" (which equally seems to be a cod foxtrot) – has that, and a new emotional maturity and restraint as well.

The chosen poets are black Americans and Africans (the South African Bloke Modisane among the latter); the chosen themes are urban disaffection, and love as its antidote – though, since the final song is the part-hummed, part-sung blues on a single line, "Now I am absolutely alone, forever", the composer suggests that its curative success is unlikely. The word-settings are suggestively rather than lavishly lyrical; a small orchestra shows itself as ready to sigh and fall silent as to utter its trenchantly placed comments – wry, keening pairs and trios of bassoons (first song) and clarinets (second) add their voices apart, before coming together in the fifth.

This seems to me a masterly work, full of sounds one immediately wants to hear and relish all over again, approachable in its range of references and influences but utterly new in its ways of responding to them. It was sung with ideally smoky, sharp-sweet tone and inflections by the marvellous Miss Clarey (Glyndebourne's memorable Gershwin Serena and Monteverdi Octavia), and strongly delivered by Haitink and his orchestra. As the centrepiece in this concert of 20th-century English music – between Britten's *Four Sea Interludes* and a magnificently clear-eyed, long-lined, muscular account of the Elgar A flat Symphony – *Some Days* fitted very well indeed.

Max Loppert

Morrissey

JONES BEACH, NEW YORK

It could have been any rock crowd, but the flowers were a giveaway. Thousands of New Yorkers had flocked to a beach-side stadium on Long Island to pay homage to Morrissey, former front man for The Smiths and the master of Manchester melancholy, who has now brought his tour to the UK.

It was a surprise so many turned out to see a singer/songwriter who has never had a hit in the US, and who is notable on American MTV only for his absence. Yet the crowd, predominantly white and young, were genuine enthusiasts.

Morrissey received a Messiah's welcome when he took the stage. Showered with flowers from the outset, he was mobbed by stage invasions throughout a short but energetic set. Fans repeatedly broke through the bouncers' defences to embrace their hero with bear hugs. "Morrissey is Life" said one banner, but he was in peril of having it squeezed out of him.

Such was the melée at the front, it was difficult at times to concentrate on the music. The band was not well served by a sound mix as muddy as the waters that lapped the sides of the auditorium, and speakers that were curiously underpowered.

While sound quality was lacking, there was no shortage of energy and commitment on stage. Morrissey's refusal to play any Smiths' hits disappointed the crowd, but it was a brave move. Some of the songs from the new album were lost in the poor acoustics, but there was plenty of punch in his delivery, especially on a venomous reading of The Jam's "That's Entertainment".

It was easier to enjoy his older work, and the *Bona Drag* album featured heavily. From the opening Cure-like riff of "Interesting Drug", to "The Last of the Famous International Playboys" (performed with the necessary lack of modesty) Morrissey kept up a brisk pace, backed by three guitarists and a drummer who looked like they had just been plucked from a Moss-side garage band circa 1977.

Flailing limbs, jangling guitars and flowers. Shut your eyes and it could have been early-Eighties Manchester. Only the sound of the Atlantic shore, the salty breeze and a car park full of convertibles gave the game away.

Patrick Harverson

Montreux Jazz Festival

When Miles Davis was approached to play at the 25th Montreux Jazz Festival, he was offered a red Ferrari by Claude Nobs, the event's sophisticated and diminutive founder. For his trouble, silky smooth vocalist Al Jarreau took a Blancpain timepiece, which like him in his Ellesse casualwear, possesses *un elegance raffinee.*

Nobs' Montreux, which closed at the weekend, is that kind of festival. There are very few sleeping bags lying around. It happens over three weeks in a Casino beside Lake Geneva and an *abonnement* for the entire event this year cost SFr1991 (£783.80). That got you into all 20 concerts, the gala party and backstage.

But what riches the programme contained. Le P'tit Nobs, abetted by Quincy Jones, multi-media entrepreneur and artist, assembled an especially upmarket line-up for the anniversary bash: Sting, Miles, George Benson, Herbie Hancock, Ray Charles and even the Reverend Jesse Jackson, who was booked for Sunday's spiritual and gospel summit, among many.

It ran on a budget of SFr8m (£3.10m), employed a thousand musicians and was filmed in its entirety on HDTV (high definition television) to be syndicated to TV stations around the world. This means the festival was heavily weighted towards the saleable slick soul end of the jazz spectrum – even without Anita Baker and Barry White, who both failed to show.

Take the "Surprise Night", which had been comprehensively previewed around the Casino and in the local press. It had the Montreux mix: straight-ahead bebop, new soul, blues and reggae. Tenorist Clifford Jordan and his Orchestra got dug in immediately with The Conman, a composition from Dizzy Reece, the orchestra's laconic trumpet soloist and Jordan's version of Leadbelly's "The Highest Mountain".

With the "surprise" entrance of singer Chaka Khan we began to move along the spectrum. Her tiny but pneumatic figure, topped with a violent mauve thatch which is beginning to get the better of her, has the appearance of an animated gonk. Her name means Woman of Fire and she sizzled pleasantly through Salt Peanuts with Dizzy Reece before going out, but the voice and its untrained fire would be back to accompany the Atlantic Allstars.

Taking their name from the label for which they record, the Allstars were led by young soprano saxist Gerald Albright in material which was drawn mostly from his new soul jazz album "Dream Come True". Paul Jackson on guitar and Bobby Lyle on his feet at piano and keyboards soloed furiously, propelled by a dense rhythm section, through dance-oriented numbers like "Sassy" and "I want Jesus to walk with me".

After an hour or so of sophisticated soul the cursor moved again, this time towards Las Vegas, with the arrival on stage of Ray Charles. Led on by a minder in black d.j., as is customary. Charles is the consummate festival performer. In embroidered red velvet smoking jacket, silvery hair and dark glasses, he looks splendid.

Ray Charles: the consummate festival performer

When he sings his rasping, semi-incoherent blues he melts hearts. "Georgia" aside, you can generally bank on him to produce a different and unusual repertoire each time too. This night the huge shoulders were shrugged to "Sunshine Day", "Making Whoopie", "Your Cheatin' Heart" before (". . . for the first time ever"), George Benson came to stand beside the piano.

Benson, going back to his roots, rang out a formidable blues groove based on Horace Silver's Doodlin' before Charles was pulled unceremoniously from the stage by his minder, who clearly had reservations about Chaka Khan, who had slipped in beside them, cuddling his master.

Now more of Quincy's friends filled the stage: jolly funk man George Duke, the explosively scatting Rachelle Ferrell and finally Al Jarreau. Nobs had thoughtfully provided a giant screen beside the stage so you could pick out what the HDTV was getting. Satisfyingly, this included a great deal of Ferrell and her extraordinary gurning. The almost supersonic scatting is aimed at the gallery and can be wearying in too large doses but the rubbery contortions needed to emit such frequencies are great value.

After an hour or so of stage moving "the surprise night" was drawn in by Jimmy Cliff, "the shepherd of reggae music", and a knees-up which closed as the sun came up.

Other nights were equally surprising and almost bursting at the expensive seams. The following night was billed as a "jazz gala with Q and friends". It featured the extravagant if sometimes overblown sight and sound of the Count Basie Orchestra accompanying over a dozen singers – from the elderly French smoothie Henri Salvador in his white flannels and blue blazer, through Leon Thomas and his yodelling scat, to rappers Kool Moe Dee and Melle Mel.

Held together by the vocalese of Jon Hendricks, it was helped in its incongruity by the presence of Toots Thielemanns, the Belgian harmonica player and whistler who bears a passing resemblance to Douglas Hurd, shoulder to shoulder with a grinning and bare-chested Grandmaster Flash. All this coming after drummer Grady Tate's intoned "Windmills of your mind" left the head spinning.

Q has a lot a friends and most of them were there at Montreux at one time or another during the month. Miles, incidentally, turned down the Ferrari in exchange for performing the old stuff – Gil Evans arrangements from Sketches of Spain, for instance. He told Q he was asking for a lot of notes and wanted a lot of notes in return. He would have the car next year.

Garry Booth

Second Stride reprieve

The dance company Second Stride has been awarded a grant of £65,000 from the Arts Council to save it from threatened closure.

The money comes from the New Collaborations fund, which was launched by the Arts Council to promote multi-disciplinary work. The grant ensures that the Second Stride company can continue in work until at least March 1992.

Jazz in Lugano

The third *Lugano Blues to Bop Festival* will be held over the weekend of August 30, 31 and September 1. Concerts and recitals will be held in the open-air throughout the three days of the festival and all will be free.

Details can be obtained from the Lugano Tourist Office, Riva Albertolli 5, CH-6901 Lugano, Switzerland. (tel: 091 214664, telex 844032, fax 091 227653).

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ BUDAPEST

This week's events include a concert tomorrow at the **melite** Court, Szinhaz u. 1-3, by the Hungarian State Symphony Orchestra conducted by Gyorgy Gyorivanyi Rath. On Sat at the Convention Centre, Jagello ut 1-3, Andreas Delfs conducts a concert by the Swiss Youth Symphony Orchestra. Also on Sat, the Hungarian State Chorus gives a concert at the Matthias Church, Szentharomsag ter. Every Tues, Thurs and Sat at 20.30 throughout the summer, there is a concert of operetta favourites at the Pest Concert Hall, Vigado ter 2 (117 5067)

■ HAMBURG

Deutsches Schauspielhaus 20.00 Award-winning Broadway production of the musical 42nd Street, daily except Mon till September 8. Matinee and evening performances on Sat and Sun (248713)

■ LONDON

DANCE

Coliseum 19.30 Second week of London season of Spain's National Ballet Company. The programme consists of two flamenco displays, including Alberto Lorca's Ritmos, and two ballets by Jose Granero, Medea and Alborado del Gracioso. The season ends on Sat (071-836 3161)

MUSIC

Royal Albert Hall 19.00 Luciano Berio conducts the BBC Singers and Symphony Orchestra in two of his own works: Coro and Concerto II 'Echoing Curves', with Andrea Lucchesini piano soloist. At 10.00, John Paynter conducts a programme of wind music with the Northwestern University Symphonic Wind Ensemble. Tomorrow: Andrew Litton conducts Gershwin and Bernstein. Thurs: Bernhard Klee conducts Bruckner's Ninth. The Proms season continues till Sep 14 (071-823 9998)

Covent Garden 19.30 John Barker conducts Michael Hampe's production of La Cenerentola, with Anne Sofie von Otter as Angelina, Raul Gimenez as Don Ramiro and Claudio Desderi as Don Magnifico. Tomorrow and Fri: Attila. Thurs and Sat: La fanciulla del West. This is the final week of the Royal Opera season (071-240 1066)

Royal Festival Hall 19.30 Ivan the Terrible: a screening with English sub-titles of epic scenes from parts one and two of the classic Eisenstein film. Prokofiev's music is performed live by the Royal Philharmonic Orchestra conducted by Yuri Temirkanov, with Christine Cairns, Willard White and the Brighton Festival Chorus. Tomorrow and Thurs: Alexander Nevsky (071-928 8800)

Queen Elizabeth Hall 19.45 Robert Tear, tenor, and David Syrus, piano, join the Endellion Quartet for a programme including Barber's Dover Beach and Schubert's Schwanengesang. Tomorrow: the Endellion are joined by Emma Johnson, clarinet (071-928 8800)

Barbican 19.45 Mel Torme joins Cleo Laine, John Dankworth and the London Symphony Orchestra for an evening of Summer Pops. Thurs: Ian Watson conducts the London Mozart Players in a concert marking the 250th anniversary of the death of Vivaldi (071-638 8891)

THEATRE

National Theatre

Molière's The Miser, directed by Steven Pimlott in a new English translation by Jeremy Sams, is showing at the Olivier tonight and tomorrow. On Thurs, Fri and Sat, Josette Simon is the proud heroine in a glittering production by Philip Prowse of The White Devil, John Webster's tale of Jacobean corruption. Tonight, tomorrow and Thurs, the Lyttelton has Eugene O'Neill's family drama Long Day's Journey Into Night (1941), with a cast including Prunella Scales and Timothy West. On Fri and Sat, the Lyttelton has Ian McKellen's award-winning performance in Richard III. Throughout the week, the Cottesloe is showing Keith Dewhurst's Black Snow, directed by William Gaskill. The play is based on Bulgakov's satirical novel about the Moscow theatre in the 1920s.

For information about other shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ MUNICH

Staatsoper 19.00 Bavarian State Ballet in Peter Wright's production of The Sleeping Beauty. Tomorrow: Valery Gergiev conducts Boris Godunov. Thurs and Sun: Der Rosenkavalier with Felicity Lott and Ann Murray. Fri and Mon: Sawallisch conducts Der fliegende Holländer. Sat: Le nozze di Figaro. The Munich Opera Festival runs till July 31 (221316)

Brunnenhof der Residenz 20.00 Uros Lajovic conducts Bach Collegium in Haydn's Symphony No 45, Stravinsky's Pulcinella suite and Mozart's Horn Concertos Nos 1 and 4, with Eric Terwilliger (299901)

Gärtnerplatztheater 19.30 Boccaccio, operetta by Suppe, repeated tomorrow. Thurs: The Bartered Bride. These are the final performances of the season (201 6767)

Prinzregententheater 20.00 Molière's L'école des femmes directed by Barbara Bilabel. Tomorrow: Ronald Harwood's play The Dresser directed by Martin Fried. Thurs: Lessing's Miss Sara Sampson (225754)

■ NEW YORK

MUSIC

Philharmonic in the Parks 20.00 Zdenek Macal conducts the New York Philharmonic Orchestra in a free open-air concert with fireworks at Van Cortlandt Park in the Bronx. The programme consists of Mozart's Prague Symphony and Mahler's First. Repeated tomorrow in Prospect Park, Brooklyn. For more information about the Philharmonic in the Parks programme over the next week, call the Parks Hotline (580 8700)

Avery Fisher Hall 20.00 Armin Jordan makes his Mostly Mozart Festival debut conducting Mozart's Symphony No 34, Violin Concerto No 3 with Joshua Bell and Piano Concerto No 23 with Richard Goode, plus Schubert's Overture in the Italian style, repeated tomorrow. Thurs and Fri: Jordan conducts the Haffner Symphony and Emanuel Ax plays the Piano Concerto No 25. The Mostly Mozart Festival runs till Aug 24 (875 5030)

New York State Theater 20.00 Guido Ajmone-Marsan conducts NY City Opera production of Turandot, with Ealynn Voss in title role. Tomorrow and Sat matinee: Tosca. Fri: Bizet's Pearl Fishers. Sat evening: first night of Nicholas Muni's new production of La traviata, with Sheryl Woods as Violetta. Sun matinee: Sondheim's A Little Night Music (870 5570)

BROADWAY THEATRE

Getting Married is a revival of G.B.Shaw's 1908 play which takes a comic look at the institution of marriage. Directed by Stephen Porter, the cast includes Simon Jones and Victoria Tennant (Circle in the Square, 1633 Broadway on Fiftieth Street, 239-6200).

Six Degrees of Separation by John Guare is a dark comedy about a young con man who dupes several wealthy New Yorkers (Vivian Beaumont Theater, Lincoln Center, 239-6200).

Lost in Yonkers is Neil Simon's Pulitzer Prize-winning play, set in Yonkers during the Second World War, about what happens when a pathetic man leaves his two adolescent sons in the hands of his intimidating mother (Richard Rodgers Theater, 226 West Forty-sixth Street, 307-4100).

Ticketron answers inquiries and sells tickets for all Broadway shows (246 0102)

■ PARIS

MUSIC

Auditorium, Forum des Halles 20.30 Piano recital by Michel Dalberto, including music by Liszt and piano transcriptions of works by Wagner and Richard Strauss. Thurs: Philippe Herreweghe conducts Musique Oblique. Tomorrow at Eglise Saint-Severin: Il Seminario Musicale and the soprano Catherine Dubosc perform Jomelli's Lamentations of the Prophet Jeremiah (4804 9801)

THEATRE

Comédie Française 20.30 La Tragédie du roi Christophe, Aimé Césaire's play set in 19th century Haiti, about a former French army officer who declares himself king and later commits suicide. Directed by Idrissa Ouedraogo and designed by Michel Raffaelli, with Roland Bertin as Christophe. Repeated Thurs and next Mon. Tomorrow: Marivaux's comedy La Fausse suivante. Fri and Sun: Beaumarchais' Le Barbier de Seville. Sat: Molière's Le Malade imaginaire. The season ends on July 31 (4366 4360)

■ VERONA

Arena 21.15 Grace Bumbry sings the title role in Turandot, conducted by Daniel Nazareth, in a staging by Giuliano Montaldo. The cast includes Kristian Johannsson as Calaf and Mietta Sighele as Liu. Repeated on Fri. Tomorrow and Sat: Rigoletto. Thurs, Sun and next Mon: Nabucco. The season runs till Sep 1. (045-800 5151)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

Eurosport
0600-0630 International Business report
CNN
0500-0530 Moneyline
0800-0830 Moneyline
1230-1300 CNN Market Watch
1330-1400 Business Day
2000-2030 *World Business Today* - a joint FT/CNN production with a review of the day's major business stories
2300-2330 World Business Today
0100-0130 Moneyline
Superchannel
0700-0830 Financial Times Business Report
A five minute business briefing broadcast three times between 0700 and 0800
2220 - 2250 (Wed) Financial Times Business Weekly - the latest round-up of business news with James Bellini and Debbie Middleton.
0830 & 2030 (Thurs) Financial Times Business Weekly
Sky News
1200 International Business Report
2130 (Thurs) Financial Times Business Weekly

SATURDAY

CNN
0800-0830 Moneyline
0900-0930 World Business Today - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week
2110-2140 Your Money

SUNDAY

Superchannel
1800-1830 FT Business Weekly
1930-2000 FT Business Weekly
2330-0030 FT Business Weekly
Sky News
1030-1100 FT Business Weekly
CNN
0710-0740 Moneyweek
1540-1610 Your Money
1900-1940 Moneyweek
0040-0110 Inside Business

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Tuesday July 23 1991

All power to the consumer?

THE PRIME minister describes his Citizen's Charter as only the first step in a programme for the decade. He is right: it will take more than a white paper or even two to put the consumer firmly into the driving seat of public services. It will also need considerable political will to sustain the programme in a government machine used to absorbing such initiatives.

The principles behind the charter are simple. Users of public services should be given information on what they are entitled to, including targets on standards of service. And there should be simple methods of redress when services do not come up to scratch. In other words, a service contract should be created between the service user and the service provider, with powers for the user to enforce the contract.

Implementing these principles is somewhat trickier, as yesterday's document demonstrates. In many parts of the public services, poor quality is the result of inefficiency combined with the mentality that the service provider knows best. Comparative data on the performance of utilities, schools, health authorities and local councils can help in highlighting inefficiency, and provides moral incentives to bring the worst up to the standards of the best. Effective complaints procedures can chip away at producer-dominated attitudes, particularly if monitored by independent inspectorates and the results made public.

But on their own, information and complaints procedures are insufficient to force the service providers to put the user first. That requires two further steps: adequate means of redress, so that the user can sting the service provider to remind him that the customer is king; and sufficient funds for the service provider to achieve acceptable quality.

Waiting times

On redress, the white paper offers some interesting initiatives. Health authorities will have to declare and publicise waiting times for operations, with a maximum waiting time of two years for all but exceptional operations. If targets are not met, health authorities must buy in operations from other health authorities or the private sector – a simple and effective form of redress.

In some other services, there will be automatic cash payments when services fail to meet targets (as already exist in some privatised utilities). Such schemes are simple and broad brush, however – a fiver for missing an appointment or or a tenner for failing to restore service after a day, for example. This is better than nothing, but given the absence of choice in most public services, a stronger form of redress is needed to deal with all types of complaint – and offer higher compensation where appropriate. Ombudsmen with tough powers to investigate complaints and award compensation are needed for all public services.

Compensation scheme

The compensation scheme to be introduced for British Rail is even more limited. Automatic compensation is to be restricted to season ticket holders and people who reserve seats in advance. BR is to publicise its existing discretionary system of cash payments for long-overdue trains and service failures, but this is unlikely to be widened to include general liability for its actions. The reasons are not hard to divine: there are cost implications in providing a halfway decent rail service. Any money paid out to some BR customers who meet the criteria for compensation comes from the budget to provide better services for all customers.

Cost considerations also constrain improvements in the health service. A two-year wait with a "non-urgent" but painful condition is hardly "good quality care". If the NHS is to provide an acceptable level of service, the overhang of patients on waiting lists must be reduced, perhaps by buying in private health care on a one-off basis to clear the backlog.

The consumer charter can improve the quality of public services where inefficiency and lack of consumer-consciousness are the problem. Where money is short, there is a danger that the charter may only highlight the extent of underfunding, fuelling expectations which cannot be satisfied.

Judging BCCI

IN ITS make-up, the inquiry to be conducted by Lord Justice Bingham into the closure of BCCI bears a traditional stamp. This is regrettable in so far as Lord Bingham will be examining matters which are both highly technical and international in character. It means that the inquiry has a reasonable chance of saying something useful about certain issues and none at all of shedding light on others, which may be of equal or greater importance.

The central target is the quality of the decision-making process at the Bank of England, and the effect of the practical restrictions imposed by the Banking Acts: for instance, in the obligation which the Bank felt itself to be under, when investigating irregularities, to wait for evidence of a quality which would withstand stringent legal tests. Lord Bingham should also be able to examine and make sensible recommendations about the depositor protection issues which BCCI has thrown up.

It is welcome that in pursuing these questions, the inquiry will be able to call public officials, up to and including the prime minister himself; it was clear yesterday from the tone of the opposition's questioning that a determined attempt is to be made to implicate Mr Major personally in the BCCI affair. It is, however, a damaging aspect of the traditional approach that Lord Bingham will take evidence wholly in private. It should have been possible to permit in camera sessions for evidence likely to prejudice either criminal proceedings or national security without recourse to the comfort blanket of all-embracing secrecy. When the government promises publication of the inquiry's conclusions, it is also to be hoped that it means a full account of the inquiry will be published, rather than skeletal judgments.

It will be up to Lord Bingham to interpret his brief broadly. For instance, it emerged yesterday that Price Waterhouse, BCCI's auditors, believe it may be possible that the bank was unprofitable throughout its existence, a fact allegedly obscured by fraudulent reporting. Unless national regulators have sweeping powers to outlaw particular companies and individuals from operating within their own jurisdictions, they cannot easily come to grips with the international manipulation of financial assets and liabilities.

In answering questions from his own side in the Commons yesterday, the prime minister accepted the need for dialogue between governments to address the complex global regulatory questions which arise from the BCCI affair. This, however, should not be allowed to mean that all consideration of the overseas aspects will be shelved until after Lord Bingham has reported.

Israel must say yes

ISRAEL should now accept the US proposals for a Middle East peace conference. For the first time since it was created, Israel's Arab neighbours say unequivocally that they are willing to negotiate a treaty based upon UN resolutions 242 and 338, which enshrine the principle of exchanging land for peace, while still allowing space for negotiation on the details. The US, which has long been Israel's most consistent and committed supporter, has applauded the Arab decision and believes that an historic opportunity could at last be at hand.

Israel has been asking for such a statement from the Arab nations for more than 40 years. For a nation which has throughout its existence survived under the threat of war, Israel should be enthusiastic, if sceptical, at the chance of opening a new era. It should therefore seek, quickly, to test Arab intentions.

Of course, the substantive issues to be negotiated are formidable and mutual suspicions deep-seated. The US, its western allies and the Soviet Union, have a duty to sustain the momentum by anticipating problems and by being prepared to offer extraordinary security guarantees to the signatories of a peace agreement. This, rather than threats, may be the best way to persuade less flexible members of Israel's government that they cannot have both peace and the territories Israel occupied in 1967.

The co-ordination of immigration policies across the European Community has become a pressing concern, writes **Robert Rice**

Europe's need for a common front

When Mr John Major warned European heads of state at the Luxembourg summit last month that Europe faced a right-wing backlash unless the European Community took immediate action to stem the tide of immigration, he touched a raw nerve.

Immigration – both legal and illegal – has moved to the top of the political agenda right across the Community. Many politicians are starting to think – and a few say – that Europe is already full, with an estimated 10m immigrants, and that the need for the harmonisation of immigration policies across the Community is now urgent.

The Dutch, who took over the EC presidency on July 1, have made harmonisation of asylum regulations within the next six months a priority. Mr Ernst Hirsch-Ballin, the Dutch justice minister, called it "one of the most urgent tasks of our presidency".

Yet despite general agreement on the need for European co-operation, within days of the Dutch assuming the EC presidency several member states had taken unilateral action to tighten their own immigration and asylum laws.

The British government, which had pushed strongly for co-operation in this area, introduced changes in the UK's asylum laws to speed up and simplify procedures and tackle the growing problem of asylum abuse, such as bogus applications for asylum as a way around immigration controls.

France, announcing measures to crack down on illegal immigrants, said it intended to deport between 300,000 and 1m. Germany confirmed that it would go ahead with the deportation of between 50,000 and 100,000 illegal immigrants.

The British move was prompted by what Mr Kenneth Baker, the home secretary, described as the growing problem of asylum abuse. According to the Home Office, applications for asylum in Britain have risen from 5,000 in the whole of 1988 to more than 1,000 a week in the first six months of this year.

These figures are disputed by refugee and immigration agencies which accuse the government of scare-mongering and of playing the race card. Ms Jan Shaw, Amnesty International's refugee officer, says that statistics gathered from UK ports and airports show that fewer than 200 asylum-seekers arrive in Britain each week. That means that more than 800 applications for asylum each week are made from within the UK. In one month – April – 4,500 applications were made from within the UK, according to the government.

The real problem is that co-operation between members is meaningless until procedures and criteria for determining refugee status within the EC are harmonised

Yet in May and June 1989 when 3,500 Kurds from Turkey arrived in the UK seeking asylum, the agencies were flooded with work and could barely cope. "Who's seeing all these people," Ms Shaw asks, "because we certainly aren't."

The implication is that these are people making multiple applications for asylum under different names in order to defraud the social security authorities. But if the government knows this, why – Ms Shaw asks – is it not prosecuting anybody? A total of 12 people have been charged with this type of social security fraud over the past 18 months.

There is little doubt, however, that the asylum system throughout Europe is under strain from the constant growth in the numbers seeking asylum and the rapidly rising cost of processing claims.

Refugee organisations such as the United Nations High Commission for Refugees (UNHCR) have warned that present developments will eventually lead to the collapse of traditional western asylum systems unless changes are made.

The problem with the present system – based on the 1951 UN Convention Relating to the Status of Refugees – is that it was developed largely from the experience of handling refugees from eastern Europe between 1950 and 1975. The cold war ensured that those fleeing from east European countries were generally welcomed with open arms by the west.

But in the mid-1970s the focus of the refugee problem began to shift from Europe to south-east Asia and Africa, largely because of an increase in political oppression and civil wars in those regions. At the same time recession and rising unemployment in Europe following the 1973 oil crisis prompted governments to impose tougher immigration controls. As the new measures began to bite so the number of asylum applications began to rise.

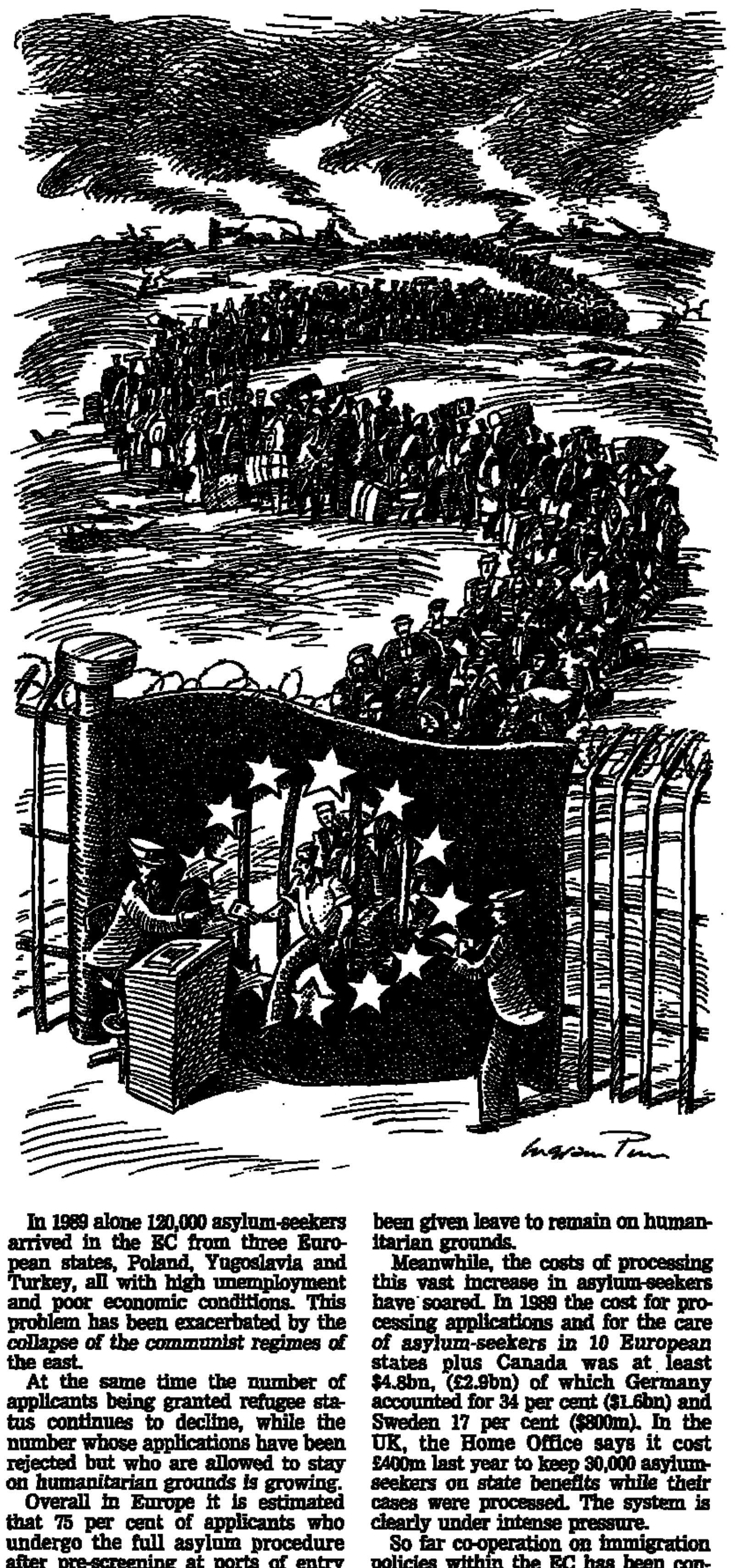
In Europe the number of immigrants fell from 1.2m in 1973 to an average of between 700,000 and 900,000 a year by 1990. But the number of asylum-seekers rose from 14,000 in 1973 to 71,000 in 1983 to 500,000 by 1990. Between 1983 and the end of 1990 there were 2.2m applications for asylum in Organisation for Economic Co-operation and Development (OECD) states. On present trends asylum-seekers will outnumber conventional migrants within four years.

This presents European countries with a political dilemma. Most of them pride themselves on their willingness to provide asylum for genuine refugees – those who according to the international standard laid down in the 1951 UN Convention are unwilling or unable to return to their country of origin "owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion".

But the more asylum becomes a costly form of immigration control, as now appears to be the case across Europe, the more public support for genuine refugees will fall away. The danger is that governments will be panicked into introducing restrictive asylum rules which will adversely affect genuine asylum-seekers.

Clearly abuse of the asylum system has increased in recent years, but the rise in the number of applicants cannot be wholly attributed to bogus applicants.

Iran, Sri Lanka and Lebanon accounted for nearly 200,000 of the 900,000 applications for asylum in Europe between 1986 and 1989. Among these were many with invalid claims and many making multiple or parallel applications. But the bulk of the rise in the overall number can be attributed to the increase in the number of economic migrants.



In 1989 alone 120,000 asylum-seekers arrived in the EC from three European states, Poland, Yugoslavia and Turkey, all with high unemployment and poor economic conditions. This problem has been exacerbated by the collapse of the communist regimes of the east.

At the same time the number of applicants being granted refugee status continues to decline, while the number whose applications have been rejected but who are allowed to stay on humanitarian grounds is growing.

Overall in Europe it is estimated that 75 per cent of applicants who undergo the full asylum procedure after pre-screening at ports of entry stay in the country when the procedures have been completed. Roughly half remain legally having obtained refugee status, while the other half stay illegally or semi-legally, having been given leave to remain on humanitarian grounds.

Meanwhile, the costs of processing this vast increase in asylum-seekers have soared. In 1989 the cost for processing applications and for the care of asylum-seekers in 10 European states plus Canada was at least $4.8bn, (£2.9bn) of which Germany accounted for 34 per cent ($1.6bn) and Sweden 17 per cent ($800m). In the UK, the Home Office says it cost £400m last year to keep 30,000 asylum-seekers on state benefits while their cases were processed. The system is clearly under intense pressure.

So far co-operation on immigration policies within the EC has been confined to two conventions: the Convention on Asylum, also known as the Dublin Convention, which provides that asylum-seekers will only be allowed to file their application in one specified member state; and the Convention on the Crossing of External Borders, under which member states will co-operate systematically in imposing visa requirements on nationals of the same countries and sanctions on transport operators which carry people not in possession of the required visas or travel documents.

Both conventions are awaiting ratification but should be in place by the end of 1992. Several countries belonging to the European Free Trade Association (Efta) have expressed a desire to affiliate to these conventions which would extend systematic co-operation well beyond the Community.

In addition, the Schengen Supplementary Agreement signed in June last year by the Schengen Group (comprising Germany, France and the Benelux countries) provides for uniform principles to be applied by its members in controlling their external borders including harmonisation of conditions of entry and visa requirements and criteria for determining the country responsible for examining an asylum request.

Such a policy direction is causing great concern among refugee agencies. Amnesty International, for example, welcomes the intention of contracting states to agree on which state is responsible for examining a particular asylum request and thus avoid any further increase in the number of so-called "refugees in orbit".

But Amnesty is concerned that a particular state where a person asks for asylum could refuse to hear the request, and instead send the person to a country that is deemed under the convention to be responsible for examining the request but where the border or refugee procedures lack essential safeguards.

Equally, in respect of visa requirements and the imposition of penalties on carriers, the agencies are concerned that the net effect will be to obstruct those in real need of asylum.

Governments may assert that people who need protection can apply for a visa, but in practice this is often difficult. As the UNHCR handbook on procedures for determining refugees status notes: "In most cases a person fleeing from persecution will have arrived without the barest necessities and very frequently even without personal documents." Many asylum-seekers have to flee urgently and cannot wait for a visa to be issued, or it may simply be too dangerous for the asylum seeker to apply for one.

The real problem, however, is that co-operation between member states is largely meaningless unless and until procedures and criteria for determining refugee status within the Community are harmonised.

At the moment inconsistencies within the EC means that an asylum-seeker who may be recognised as a refugee in one member state may be refused recognition by another.

That is the problem to which the Twelve have now turned their attention. The trouble is that no one appears to know what is involved, other than that an inventory of member states' asylum policies is being compiled with a view towards harmonisation by the end of the year. The UK Home Office says only that it is still early days and that it is keen to see progress in implementing the Dublin convention.

The fear among refugee agencies, however, is that such harmonisation could lead to the adoption of some of the more restrictive policies and practices currently applied across the Community. Whose approach will be followed: Britain's, France's, Germany's?

If governments are serious about retaining an efficient and fair system of asylum in the EC they need to consult with the non-governmental agencies concerned with the protection of human rights and refugees before they finalise any arrangements. At the moment there are no signs of this happening.

OBSERVER

Triumph of hope

■ One needs only glance at the Whitehall record of businessmen like Lords Rayner, Young and Sterling to wonder whether there's much point in the UK government hiring yet another no-nonsense executive to put a bomb under officialdom. It didn't work before: why should it now?

Nevertheless Sir James Blyth looks as good a choice as any to chair the panel of outside advisers supposed to drive through the Citizen's Charter reforms. Currently chief executive of Boots, he has been on the inside (as the defence ministry's super-salesman) as well as on the outside in a career which has ranged from Mobil Oil and Mars to Lucas and Plessey.

Forceful and punctilious, Blyth is the sort of bloody-minded Scot who would rather resign than work under an autocrat like Sir John Clark, the former chairman of Plessey. Top civil servants may need to manoeuvre even more cannily than usual.

He is a great talker and a natural salesman who genuinely believes in his latest product. Watching what is happening in Germany, he is convinced that "it is a direction in which the government has to be heading in this century".

Shareholders in Boots may be less convinced. The Ward White acquisition is proving nowhere near as "fantastic" as Sir James first thought. So although he will only be spending one or two days a month on his new venture, there will be those who'll think the time could be better spent minding Boots's store.

Freudian slip?

■ Picture the scene. Shakespeare's Midsummer Night's Dream is about to begin at the Open Air Theatre in London's Regent's Park when there's commotion in the audience. Neil Kinnock's party have been discovered sitting on the left, when they should be on the right. They swap places.

Is this still another subconscious reflection of the Labour Party's policy review?

Core job

■ Albert Fisher, the international fresh food distributor, has appointed a new chief executive of its North American operations – Lenny Pippin.

Presumably, he will be based in the Big Apple?

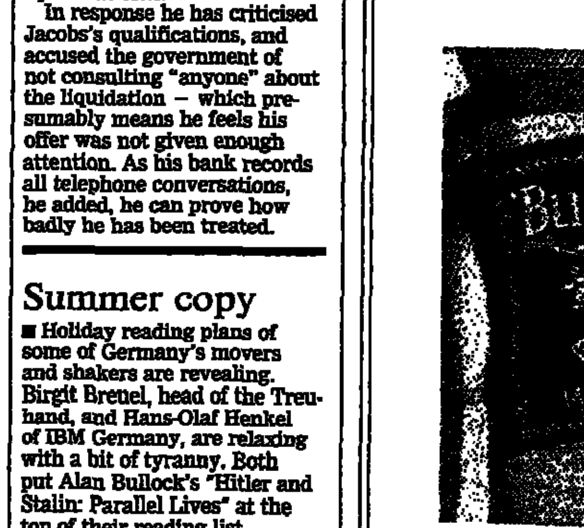
Safe landing

■ The fallout from a US Atlas rocket explosion three months ago has finally settled in Japan with the appointment of a new chairman of the NHK broadcasting corporation, the Japanese equivalent of the BBC.

Incoming Masami Ito, a 71-year-old former supreme court judge who is an auditor for NHK's executive board, seems a safe choice to replace Keiji Shima who had ambitious plans to internationalise the state broadcasting system. He was forced to resign, however, after admitting he lied when testifying to the Japanese parliament about his whereabouts on April 18, when the exploding rocket destroyed an NHK broadcasting satellite.

His testimony was that he was in New Jersey, keeping an eye on developments from the office of the General Electric subsidiary which built the satellite. But he later confessed he was in a hotel in Los Angeles.

Although Shima has not said precisely what he was doing at the hotel, Japan's tabloid newspapers have had little trouble making a scandal out of the affair. What, after all, do Japanese businessmen do secretly in hotels?



NHK is no doubt hoping its new chairman will swiftly restore the broadcasting service to its normal staid image.

Hat trick

■ Judging which hat can be properly worn when seems to be a headache for Hong Kong's businessmen-cum-politicians. The latest case in point is the BCCI debacle's effect on David K.P. Li, who besides being chief executive of his family's Bank of East Asia, is a financial community representative on the colony's Legislative Council.

In his council headgear he has been legitimately bemoaning the HK government's handling of BCCI, indulging in his favourite political sport of baiting long-suffering financial secretary Sir Piers Jacobs, who retires next month.

But he has gone farther by keeping his council hat more on than off when complaining about the rejection of his bank's offer to buy BCCI's Hong Kong offshoot, now moving into liquidation.

He offered a 50-50 joint venture with the local Overseas Trust Bank, which has been owned by the government since it collapsed in 1985. The government rejected the proposal because Li wanted the colony's Exchange Fund, acting through the OTB, to pick up all the risk.

In response he has criticised Jacobs's qualifications, and accused the government of not consulting "anyone" about the liquidation – which presumably means he feels his offer was not given enough attention. As his bank records all telephone conversations, he added, he can prove how badly he has been treated.

Summer copy

■ Holiday reading plans of some of Germany's movers and shakers are revealing. Birgit Breuel, head of the Treuhand, and Hans-Olaf Henkel of IBM Germany, are relaxing with a bit of tyranny. Both put Alan Bullock's "Hitler and Stalin: Parallel Lives" at the top of their reading list.

Hellmuth Buddenberg of BP's German arm and Helmut Mauchner of Nestlé are among five to make their first choice a historical survey by Joachim Fest of the decline of communism entitled "der zerstoerte traum" (the broken dream).

But not everyone is being so highbrow. Professor Ralph Dahrendorf, a former director of the London School of Economics, prefers Frederick Forsyth's "doppelspiel", which will reach the UK bookstands in September entitled "the deceiver." More scrapings from the cold war floor, I hear.

Dog's life

■ A Texan, who rushed his dog to a surgery after it was hit by a car, was confronted by two brass plaques at the door. They read:

Virgil B Jones - Veterinarian
Virgil B Jones - Taxidermist

Underneath was a handwritten sign saying:

"Either way, you get your dog back".

Breakdown of the old frontiers

France's state-owned companies are behaving more like private ones, writes William Dawkins

France's state-owned industry today bears a passing resemblance to a large drifting jellyfish. It constantly changes shape in response to the currents around it, sometimes shedding bits of itself and sometimes stretching out a tentacle to scoop up a tasty corporate morsel that drifts by.

The latest rearrangements of this complex structure came last week, when two state-owned banks – Crédit Lyonnais and Banque Nationale de Paris (BNP) – announced they would take equity stakes in two public sector industrial companies, Usinor-Sacilor and Air France respectively.

The moves highlight the internal strains and contradictions of a public sector that still employs just over one French worker in 10 and accounts for seven of France's top 10 companies. The French government has been criticised by the Organisation for Economic Co-operation and Development (OECD) for letting its state companies take larger shares of their sectors than their main western rivals.

Last week's reshuffle is minor tinkering compared with some of the sea changes to have swept France's state sector in recent years. But it nevertheless highlights the gradual breakdown of the old state frontiers in response to international competition; the cautiously liberal policies of France's Socialist government; and the tough line being taken by the European Commission against state bailouts of public sector industries.

Crédit Lyonnais, the ambitious – some say overstretched – state-owned bank, announced a week ago it was to pump FFr2.5bn (£250m) into Usinor-Sacilor, the profitable steelmaker standing on the brink of hard times. Two days later BNP said it was set to splash out FFr1bn for a stake of 5 to 10 per cent in Air France, the loss-making national airline.

Both banks claim they acted for purely commercial reasons, with a view to building up their industrial portfolios and cementing links with valued customers. If that explanation is to be believed, the deals represent a slight redrawing of the boundaries of the state sector, in that they erode both industrial companies' nearly 100 per cent direct state ownership.

But there is another side to the story. Put crudely, the suspicion is that the state is leaning on its banks to pump cash into public sector industrial companies, instead of dipping into its own increasingly depleted purse at a time when the economic slowdown is eroding tax revenues.

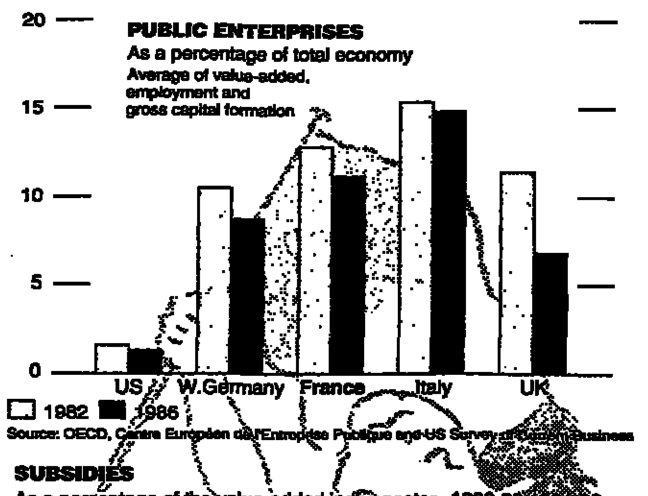
The European Commission, seen in France as suspicious about everything that moves in the state sector, is taking an informal look at the details of Crédit Lyonnais's accord with Usinor-Sacilor, to check that it does not amount to a covert state subsidy. It is also examining a FFr2bn dollop of fresh state capital for Air France, announced in February and confirmed last week.

The current uncertainty stems from a change in the French government's approach to state-owned companies earlier this year. Previously, policy was set by President François Mitterrand's 1988 election pledge that he would countenance neither privatisations nor nationalisations, known as the "ni...ni" (neither...nor) policy. But in April that dogma was significantly loosened with a government decree allowing private companies to take minority stakes in state-owned ones. The move was seen as recognition of the fact that state industry badly needed more flexibility to raise capital while it was simultaneously recovering from an unprecedented international takeover spree and entering the economic slowdown.

In fact, the complex organism that constitutes France's state sector has been in constant evolution since the first wave of nationalisations in the 1930s – latterly including an aggressive series by the Socialist government elected in 1981 and an ambitious privatisation programme launched by the 1986-88 conservative government of Mr Jacques Chirac.

Even after the Chirac privatisations, France's state sector today represents 12 per cent of the economy, according to the OECD – a figure only beaten by Italy, Greece and Portugal among France's EC partners.

With a Socialist prime minister back in office in 1988, Mr Mitterrand reckoned it was in industry's best interests to call a halt, rather than reverse Mr Chirac's privatisations. Stability was the purpose of the "ni...ni" policy, but it soon became a straitjacket, limiting state-owned companies' access to both government and private sector capital.



Source: OECD, Centre Européen de l'Entreprise Publique and US Survey of Current Business

SUBSIDIES
As a percentage of the value-added in the sector 1986-88 [illegible]

	Agriculture		Manufacturing		Shipbuilding		Railway	
France	7.6	12.1	3.7	4.9	68.0	[illegible]	[illegible]	38.0
W.Germany	13.5	9.8	2.7	3.0	16.6	12.3	[illegible]	37.0
Italy	-	-	6.7	9.5	28.2	45.9	8.0	49.0
UK	8.6	14.1	2.7	3.8	25.0	21.6	9.0	18.0
Belgium	6.2	7.3	4.4	6.4	12.3	27.7	63.0	70.0
Netherlands	6.2	7.2	3.3	4.1	3.8	10.7	6.0	22.0

Source: EC

In France, there is a way round everything. So it was that the state sector soon found ways to raise cash by issuing exotic securities having the qualities of both debt and equity, a technique pioneered by the chemicals group Rhône-Poulenc; by publicly floating subsidiaries, as in the case of Pechiney, the aluminium and packaging group; or by buying shares in each other as in the case of Crédit Lyonnais and Usinor-Sacilor and several other pairings.

In practice, the boundaries between the public and private sectors have been allowed to shift according to the companies' business interests. Renault's sale of a 20 per cent stake to Volvo, the private Swedish car maker, last year can be seen as a partial privatisation, while Air France's takeover of UTA and Air Inter, its main French rivals, can equally be seen as partial nationalisation.

Chairmen of state companies commonly argue that the debate over just which way France's confused public sector is evolving is merely academic. In practice, they say, the government lets them behave like any private company in a competitive market – in exchange for allowing them freedom of decision, it expects them to pay dividends comparable to those in the private sector.

That argument has even been accepted no less than four times in the past year by Britain's ultra-sceptical Monopolies and Mergers Commission. It gave clearance to proposed UK takeovers and mergers by Crédit Lyonnais, the Elf Aquitaine state-controlled oil group and Thomson CSF in defence electronics, explicitly rejecting the UK government's fears that the deals would have amounted to backdoor nationalisations by France. "Nobody is looking over my shoulder," concluded Mr Loïk Le Floch-Prigent, Elf's chairman.

If France's state companies really are being encouraged to behave like private ones, that invites the question of why the Paris government does not pursue that logic further and privatise the lot of them.

Some of the more independent-minded state company chairmen, such as Mr Jean Peyrelevade, chairman of Union des Assurances de Paris, the insurer, believe the recent relaxation of the "ni...ni" dogma might be a step in that direction. If so, few of his state sector colleagues would shed a tear. Privately, executives at Renault, Pechiney and Usinor-Sacilor, admit they would love to be privatised, to increase their access to private capital markets and to improve their image in Brussels.

Certainly, the pressure in that direction from the European Commission is unlikely to let up. Sir Leon Brittan, the competition commissioner, has provided an unrelenting inquisition of state subsidies suspected of distorting competition – frequently choosing France as his target. The well-publicised row over Renault has been his biggest case, but other receivers of subsidies to have come under investigation recently include Renault; Bull, the computer maker; and Thomson the electronics group.

Sir Leon argues that he has nothing against the state sector as such and French officials add that no part of the Treaty of Rome – the EC's constitution – forbids government industrial ownership. The Commission says its rule of thumb is that state subsidies are acceptable so long as a private shareholder would have made the same decision.

Even so, France's government shareholder and the companies in its portfolio are sorely conscious that they can hardly make a big financing decision without being hauled over the coals in Brussels. Government officials argue that ultimately the state should provide a more stable and longer-term shareholder for its companies than the private sector could – a policy which logically invites further clashes with Sir Leon.

But for the time being, Mr Mitterrand is holding to his "ni...ni" dogma. This condemns his government to carry on with its muddle-through industrial policy, which means giving state industry maximum access to finance within the loose and confusing framework of existing rules.

The next chance for a big change could be after the next general election in 1993. If the conservatives win, as the opinion polls say they might, they can be expected to return to their zeal for privatisation with a vengeance.

Joe Rogaly

Election charter

The Tory "Citizen's Charter" announced with much tarantara yesterday constitutes a cautious if long overdue attempt to improve the relationship between consumers and producers in the public services. Consumers are to be better-informed; producers will be urged to be more courteous. Targets will be set everywhere; results and league tables will be publicised. Three additions are tacked on. The post office monopoly of letters services will be broken, and London's bus services and, as we knew, British Rail will be privatised. That's it.

The charter has nothing to say about true citizenship, which the prime minister appears not to comprehend. There is not a line in it about changing the nature of our polity to give British subjects – there are no citizens as commonly understood – the right of free access to government information. It is the *agents* of government – schools, hospital authorities, the police – who alone are to be made to come clean, and then principally with facts that will assist in the compilation of performance indicators and the publication of complaints procedures. There is no offer of the protection of a general bill of rights, let alone an extension of local democracy as expressed through the ballot box.

As a trial balloon for the Conservative election manifesto it therefore amounts to no more, and in some areas considerably less, than is already promised by the Labour party and the Liberal Democrats. The government is, however, ahead by miles in one area. What it has produced is called a "white paper" – that is, an official document. It is not. It is a Conservative party colour brochure churned out at the taxpayer's expense. Two months ago the Major administration seemed to be in the hands of fumbling amateurs. No longer. This is the work of shameless professionals. It deserves a blue riband for cheek.

The Conservative Charter does have some content beyond the restatement of the virtues of privatisation, contracting-out of schools and hospitals, sales of council housing and the rest of the well-known list. Judged by its proposals for new consumers' rights to decent public services it is either level-pegging or, here and there, slightly ahead of the opposition parties. It is, however, relatively soft on the recently-privatised utilities. Like Labour the Tories shrink from the prospect of breaking up monopolies such as British Gas. Call that even stevens. But where the Labour leader, Mr Neil Kinnock, would significantly increase the powers of all regulators (Oftel, Ofgas, Ofwat and so on), the government merely proposes to level up to existing strongest practice, and throw in a power to enforce the establishment of rather tame compensation schemes. One to the opposition.

Against that, Labour will be

The Conservative charter deserves a blue riband for cheek

hard-pressed to match the Tories' proposal of a guarantee by the National Health Service that no patient will wait longer than two years for treatment due, since the remedy – redress by a private practitioner at public expense – is attractive to Conservative thinking alone. One to the government. Overall, Labour's predeliction for the creation of new supervisory authorities is less convincing than the Conservative's penchant for bringing best private sector management techniques into the public services. Supervision of officials by committees of appointees has been tried, tested, and found wanting. Mr Major's willingness to take a risk with half-formed public choice theories may not have produced much of substance this time around, but it is at a least a novel and promising approach.

Unfortunately the charter is silent about strengthening consumer or shareholder protection in the private sector, while a great many of its public sector proposals amount to an exposition of existing practice, with ribbons and furbelows added. (The frill for which all else may be forgiven is a requirement that all who deal with the public face to face will be obliged to wear name tags, while telephone voices and the writers of letters will no longer be anonymous.) And everywhere so strong is the chorus, "this is what we ever do", that it is obvious that nine-tenths of Mr Major's charter has been composed by the familiar Whitehall choir, singing its oldest refrain. There is another flaw: to nobody's surprise, the Treasury has purged the document of anything that might cost extra money.

A modest thing then, as Mr Major should but will not acknowledge, but at least one-tenth mine own. Thus seen in proportion, what political outfall can the prime minister expect from his colourful white paper? It comes at a time when he is visibly growing in self-confidence, and benefiting from the public perception that that is what he is doing. He has found that he can strut the world stage without falling on his face; indeed that he is an affable and competent politician well able to master a brief and parlay with Messrs Kohl, Mitterrand, Gorbachev, Bush and the other members of the Group of Seven-plus-one.

In consequence there are plenty of acolytes to acclaim him a world statesman. There is more than just that working in his favour. The opinion polls have become less adverse to his party and extremely encouraging for him personally. Leave aside the threatening dark cloud of the BCCI banking scandal. Forget, for just a moment, how sticky the trough of the recession is turning out to be. Ignore the stubborn refusal of Labour to fall below 40 per cent in the opinion polls. Think sunny uplands. Everything then becomes possible. See? The prime minister is clearly on a roll. His charter, with its heavy accompaniment of warnings that this is only the start of a 10-year programme, should therefore improve the Tories' already growing chances of winning the election. That, after all, is its primary purpose.

LETTERS

Reshaping BT: the interests of the user and the example set by Japan

From Mr D G Harrington.

Sir, The argument so well encapsulated by your leader (July 16) on how best to reshape BT has thus far focused exclusively on the actions of the key players (BT, Oftel, and the government) and on the shareholder interest. Those who use telecommunications services, however, have not been accorded either weight or space in the public debate.

The business user, whether a customer of BT or of Mercury, regards with alarm the current furore over access fees to BT's local network. Not because he shares the view of BT's public relations department that Oftel has reneged on a deal or has made an error of judgment (far from it), but because the smoke-screen of reference to the Monopolies and Mergers Commission (and the consequent challenge to the government's privatisation timetable), is only of short-term interest.

When the smoke has cleared there will be a very serious risk that Oftel's overriding objective – to introduce competition to BT's *de facto* monopoly of access lines into business and domestic premises – will somehow have perished during the skirmish.

Getting the competitive structure of the market right, as a pre-requisite of privatisation, is undoubtedly the right policy. But a successful marketplace, working to the benefit of the user community, cannot be achieved with a hopelessly fragmented BT, and therefore we must be prepared to accept a future still dominated by a national carrier with 80 per cent or so of the market.

We must be careful, in the coming battle, to see that Oftel is not "inadvertently" crippled in the cross-fire, and we must seek a way of breaking BT's local monopoly which will offer the user a multiple choice, with access to competing networks on equal terms.

D G Harrington,
Telecommunications Managers Association,
40 Chatsworth Parade,
Petts Wood,
Orpington, Kent

From Mr J M Harper.

Sir, Your leader of July 16 was correct. The structure of BT needs to be reconsidered. But it will be important to preserve a central core massive enough to compete in the big league of international carriers such as AT&T and NTT.

The distribution cables and ducts which connect customers to the system lie at the heart of the problem. BT's competitors have the choice of building their own, which is extremely expensive, or depending on BT, as for the most part they have to. The high cost to BT of providing and operating its present distribution plant, and the high charges it makes in consequence to its competitors for using it, are the root of the current difficulties.

The BT plant has fundamental limitations as a vehicle for the high bit rate IT and TV services of the future. Faced with a similar problem in Japan, NTT is planning a revolution. The company I now work for (I was the last public sector managing director of BT inland operations), NSC, is deeply involved. Fibre cables are to be laid to the great majority of businesses and homes in Japan. Exchange developments are keeping step. There is no similar programme in Britain.

In The Third Way published last December I suggested a new company should be set up to create and run a high-tech distribution network as a common resource for BT and all its competitors – Mercury, the cable TV and PCN companies and the latest generation of carrier entrants.

The arrangement for co-operation in PCN infrastructure between Mercury and Unitel is a welcome first step. If the full idea were taken up the present problems of the regime would be resolved.

J M Harper,
11 Lullington Close,
Seaford,
East Sussex

BA productivity then and now

From Mr Martin O'Regan.

Sir, I have read with much interest the plans of British Airways ("BA in talks with unions on plans to restructure", July 16) to reduce its business to a core level as an airline operator.

Nearly 10 years ago you published my letter drawing attention to the productivity level at BA, which under mostly the same management as today, employed about 250 staff for each operational aircraft. The airline with which I was then associated employed 50 staff per aircraft. The letter drew a response from both Lord King and Sir Colin Marshall. I am pleased that after a decade the same management is prepared to re-organise its business to that core airline work. However, from available information the number of staff per aircraft is still well in excess of 200.

Martin O'Regan,
Business Aides Associates,
BP 252,
MC 98005 Monaco

Self-help theme of the Other Economic Summit

From Dr James B Thring.

Sir, The Other Economic Summit runs alongside the G7 each year. Not informing your readers of its main message could bring much bigger surprises than BCCI or Mr Gorbachev's request.

The message is: Help developing countries help themselves, using their own recyclable and replenishable resources (mostly labour and ambient energy) to achieve modest growth.

This strategy is more sustainable than the G7 approach of lending money and high technology. It requires less external finance than buying western output. The run on money would be reduced; interest and inflation rates should fall; world tension may be defused.

The rationale for the financial community is that risk of "write-offs" would also be lessened.

James B Thring,
Brandon House,
Rowfant,
Sussex

False view of long-term unemployed

From Mr Peter Robinson.

Sir, I strongly disagree with much of the leader on unemployment in Europe (July 19). Much of it focused on the long term unemployed and repeated the frequently heard assertion that they tend to lose their skills and motivation when out of work.

How do you square this with the fall in Britain in the proportion of those out of work and claiming benefit for more than one year, from 43 per cent in July 1987 to 33 per cent in April 1990? This was a period of strong employment growth when the overall unemployment rate fell from 11 to 6 per cent.

If we look at the Labour Force Survey for a more accurate measure of unemployment, this also shows a sharp fall in the proportion of job-seekers unemployed for more than one year, from 48 per cent in spring 1984 to 34 per cent in spring 1990.

Does this data not suggest that when the economy is buoyant, the long term unemployed seem able to take advantage of job opportunities? Several labour market policies were operating at the same time to reduce unemployment, but their existence does not significantly alter the argument; in practice they impacted as much on short as long term unemployed.

What the long term unemployed, and all the jobless, need are not schemes where participation is enforced through threatened loss of benefit, but strong and sustained output nd employment growth which is not put at risk by accelerating inflation and a rising current account deficit. The solution lies primarily in a move towards a more co-ordinated system of pay bargaining in Britain, which would allow inflation to be controlled by means other than recession, bankruptcy and mass unemployment.

Peter Robinson,
Campaign for Work,
Tottenham Town Hall,
Town Hall Approach Road,
London N15 4RX

Fax service
LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES

Tuesday July 23 1991

Nomura Securities chairman accepts responsibility for series of scandals

Japanese securities house chiefs quit

Bowing out: Setsuya Tabuchi announces his resignation

By Robert Thomson in Tokyo

THE chairman and vice-chairman of Nomura Securities, Japan's largest securities house, resigned yesterday to take responsibility for a series of scandals, including embarrassing links to a lawyer recently arrested for his role in a stock-cornering scam.

Mr Setsuya Tabuchi, the Nomura chairman and one of the most influential financial figures in post-war Japan, said his resignation would show that the company genuinely regretted its improper behaviour, which also included compensating favoured clients for trading losses and lending to a gangster group.

He announced the resignation of the vice-chairman, Mr Yoshihisa Tabuchi, who has already stepped down as president, and said they would both become "advisers" to Nomura. The two are not related. Setsuya is generally known as "Big Tabuchi", while Yoshihisa is "Little Tabuchi".

In announcing the surprise resignations, Mr Setsuya Tabuchi said he wanted "to apologise deeply to world investors" for the series of scandals that have shaken the Tokyo stock market and led to the disciplining of Japan's Big Four brokers – Nomura, Daiwa, Nikko and Yamaichi.

It is believed that Mr Tabuchi would have retained the chairmanship had he not been linked to a lawyer arrested earlier this month for allegedly receiving money from his client and from a rival company which had cornered the client's shares and was negotiating a buy-back agreement.

There is no suggestion that Mr Tabuchi was involved in criminal activity, but he and Nomura were embarrassed when he was identified as having written a letter of introduction for Mr Hirotomo Takei, who cornered the stock and was recently indicted for massive tax evasion, to Mr Toshimori Namiki, the arrested lawyer.

In explaining the background to his resignation, Mr Tabuchi said Japanese companies generally had not played by internationally-accepted rules during the period of financial excess in the late 1980s: "The job of cleansing the house will be left to succeeding generations."

He called for the establishment of a body similar to the US Securities and Exchange Commission (SEC) to oversee the industry, and said the financial ministry's informal guidance of securities houses should be replaced by clear regulations.

Several committees in the ministry are considering reforms, and while senior officials have said they are not in favour of an SEC-like watchdog, they have conceded that the system of "administrative guidance" needs to be replaced by transparent guidelines.

Mr Yukio Aida, a former Nomura vice-president, has become honorary chairman, but the company said the two posts vacated yesterday would remain vacant indefinitely.

As "advisers", the two Tabuchis will lose their voting rights, but retain links to the company's senior management.

Meanwhile, the compensation scandal has widened to include medium and smaller securities houses, about 18 of which are reported to have reimbursed clients for trading losses.

Several houses, including the fifth largest, New Japan Securities, said yesterday they were conducting internal investigations, while the finance ministry is also examining the claims.

The Big Four houses have admitted compensating 229 still unidentified clients for a total of Y126.8bn (£566m) in losses between October 1987 and March 1990, and finance ministry inspectors have searched the companies for evidence that compensation continued beyond March last year.

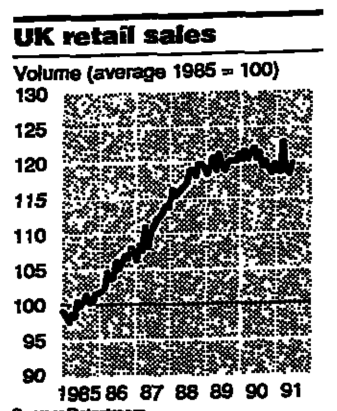
THE LEX COLUMN

A sudden burst of sunshine

The first thing to be said about the UK's remarkable and unexpected current account surplus last month is that it looks too good to last. The second is that it is nevertheless another piece of evidence for the economy being on the turn; there is a real improvement in volume as well. Excluding oil and erratic items, the volume index for exports was higher in the latest quarter than the index for imports, for the first time since 1987. For the whole of 1989, the same volume index for exports was 12 per cent lower than for imports. And for the first time in recent memory, the UK managed the remarkable feat in June of running a trade surplus with the rest of the European Community.

FT-SE Index: 2,558.5 (+17.0)

UK retail sales



Source: Datastream

Looked at in detail, though, the improvement scarcely looks sustainable. The 45 per cent jump in car export volume compared with the same quarter last year must surely be a freak, given what is happening to car sales throughout Europe.

On the import side, the static performance is scarcely consistent with the equally unexpected jump in UK retail sales. The two can only be reconciled in terms of de-stocking by the retail trade. And indeed, import volume of consumer goods other than cars in the latest quarter was down 9 per cent on the year before. As soon as retailers come to believe in the consumer upturn, that pattern is bound to change.

On the other hand, imports of basic materials on the same basis were up 1 per cent, so there may simultaneously be an element of re-stocking at the manufacturing end of the economy. Both figures suggest that when the recovery gets under way the trade balance must come under pressure; or, at least, that earlier forecasts of a current account deficit of £7bn or so this year need not be scrapped just yet.

Taken in isolation, the retail sales figure showing volume in June 1.3 per cent up on May is not easy to reconcile with anecdotal evidence either from the CBI or from individual retail chains.

Perhaps the best that can be said is that the picture is certainly not getting any worse; though as the chart reminds us, retail sales have been going sideways for three years now. Even if there is some recovery in consumer spending, it may take some time to offset the continuing decline in capital investment.

Overall, though, it seems increasingly clear that a double-dip recession is no longer a threat, at least in the sense of a renewed downturn on the scale experienced in the third quarter of last year. This, in turn, raises the obvious question of whether the Tories will dust off their plans for an autumn election. Though the economy will doubtless be stronger next spring than now in terms of GNP, unemployment will still be rising and inflation may have bottomed out some months before.

Perhaps above all, there is the risk of missing the bottom of the interest rate cycle. The equity market, which hit yet another intra-day record yesterday, may be scenting a political opportunity as well as a turn in the economy. It could well be right about the latter; the former still looks a lot more doubtful.

TV companies

It is hardly surprising if investors in UK television companies feel aggrieved these days. Two weeks ago, their screens were comfortingly blank, providing little or no clue to the level of bids mounted by ITV incumbents and their franchise challengers. Everyone, it seemed, was in the dark. In the last week, however, unconfirmed stories apparently detailing the offers in this and other newspapers have left a distinctly fuzzy impression in shareholders' minds. The sector, which many assumed would lie dormant until the Independent Television Commission formally disclosed the numbers in October, was one of the liveliest again yesterday, with Thames and its majority shareholder Thorn EMI hit by talk that it may lose its licence and Central and Scottish continuing their recent strong gains.

It is hard to rebut complaints about a disorderly market, though the Stock Exchange and the ITC seem to be trying to do just that by burying their heads in the sand. Unfortunately, it is probably too late to do anything about it now. One reason for keeping the figures secret until the last moment was to make sure that those ITC officials assessing the programming quality of the various bids could take a wholly objective view. One has to wonder now whether reports that Granada has been outbid by the Phil Redmond consortium may not have an influence on the judges' thinking; but how much worse if the ITC broke its own embargo at this stage and left itself open to legal action later on.

There is just one area where the regulators could still act, and that is in directors' transactions. The board of HTV, for instance, has been conspicuous for its buying lately. Of all the extraordinary things about the bidding process, one of the most absurd is that those privy to such sensitive information should not in some way be constrained.

US airlines

Yesterday's $310m offer for Pan Am by TWA and American has all the hallmarks of a nuisance bid. Mr Carl Icahn has played this sort of hand before. The oddity – but what makes the move one to be taken more seriously – is the participation of American, which seemed to have been hinting to analysts recently that it had enough international routes in its portfolio for the moment. Both companies, however, share an interest in forcing Delta and United to pay more for bits of Pan Am in what is clearly an airline buyers' market. The manoeuvre has more credibility for not being launched solely by a heavily borrowed company which is defaulting on its debt and lease payments.

If the odds appear to favour Delta as the ultimate victor – not least because its offer is likely to appeal more to Pan Am – the demise of the once leading US carrier will benefit that part of the industry which survives. The dismemberment will hasten the reduction in capacity and concentration which look like heralding a return to profitability in the US next year. With little sign of any pick-up in demand just yet, the next few months could be crucial in determining who will be around to enjoy the recovery when it comes.

Genscher's balancing act between a common Europe and the EC

'Need for closer CSCE integration'

By David Marsh and Quentin Peel in Bonn

PRIDE of place in the office of Mr Hans-Dietrich Genscher, Germany's foreign minister, goes to the solid brass bell with which he opened last month's inaugural meeting of the Council of Foreign Ministers of the Conference on Security and Co-operation in Europe (CSCE).

Pride of place also in his perception of the new realities in Europe goes to the same organisation. This weekend, he spelt out a vision of future European co-operation involving a European Security Council – to match the UN Security Council – and European "green berets" as a counterpart to United Nations blue berets.

"For every European problem that exists, there should be a European solution," he said in an interview in his Rhineside office in Bonn.

Mr Genscher, the arch survivor of German politics and the ultimate diplomatic wheeler-dealer of Europe, with 17 years as foreign minister behind him, is coming to terms with the realities of a new Europe without bloc-to-bloc confrontation.

It requires a delicate balancing act between his vision of a common European home from the Atlantic to the Urals, shared among others with President Mikhail Gorbachev, and his simultaneous commitment to ever greater integration in the EC.

His current passion is undoubtedly for the broader vision. Acutely conscious of the unification pains of bringing together the two halves of Germany, he is equally aware of the depth of divisions between eastern and western Europe as a whole.

To that end, he believes that the 35 nations of the CSCE must establish a whole series of common structures to breach the gap: a common traffic space, for example, and "single spaces" for science, technology, the environment, and for communications.

Quite what that means for the integration process in the EC he leaves less clear. He is adamant that the 12 member states must reach conclusions in their inter-governmental conferences on political and monetary union by the end of the year. Simultaneously, he appears to be hedging his commitment on the extent of that integration.

In the past, Mr Genscher has irritated the Bundesbank by urging speedy progress towards European Monetary Union (Emu). But a combination of factors – including the strains affecting the D-Mark as a result of German unification – now appears to have made him more cautious. Expressing unusually strong support for the Bundesbank's stance on Emu, he said: "The Bundesbank wants what I want – that we should not have less stability and that we should have an independent central bank." However, given the scepticism about the principle of central bank independence in other countries, he recognises that these conditions will be difficult to fulfil.

Commenting on the financial strains in Germany following unification, Mr Genscher says he is "worried" about rising budget deficits. Significantly, he gives full backing to the choice of Mr Helmut Schlesinger to take over at the top of the central bank next month. Mr Schlesinger is a sceptic on Emu, but is regarded by Mr Genscher as the best person to defend Bundesbank commitment to monetary stability.

On the Soviet Union, Mr Genscher believes that Mr Gorbachev has good reasons to be satisfied with last week's meeting with G-7 leaders in London. "The fact that he took part was a milestone in itself. The result is that a process has started whose logical ending would be the Soviet union's membership of the international financial organisations and its full integration in the world economy."

Major sets agenda for new charter

By Philip Stephens, in London

MR JOHN MAJOR, the British prime minister, yesterday put the promise of a "revolution" in the quality of public services at the heart of his campaign to win the next general election.

But the plans in his Citizen's Charter for a further wave of privatisation and much greater choice and competition for voters drew a subdued response from consumer organisations and sharp attacks from the opposition Labour party.

The 50-page legislative proposals contained more than 70 specific issues. At its centre are pledges to privatise British Rail and the London bus service, to erode the Post Office's monopoly and to accelerate the contracting out to the private sector of local authority services.

Mr Major promised also that health service patients would be allotted guaranteed waiting times, parents provided with annual reports on their children's progress, and rail travellers given better compensation for poor service. He made it clear, however, that the measures did not mean that the government was prepared to abandon its plans for strict control of public spending.

The proposals are designed to intensify pressure on the public sector to be more efficient by strengthening the rights of individual consumers. Private-sector utilities will also face closer scrutiny with a new bill designed to strengthen the power of their regulators.

Mr Neil Kinnock, the Labour leader, attacked the charter as an admission by the government that the quality of public services had been run down.

Details, Page 8
Editorial Comment, Page 14
Observer, Page 14
Rogaly, Page 15

De Klerk knew of secret Inkatha funding

By Patti Waldmeir in Johannesburg

THE political crisis in South Africa deepened yesterday when it was revealed that President F.W. de Klerk must have known that secret government funds had been channelled to the mainly Zulu Inkatha movement.

The revelation of clandestine payments to Inkatha, the main black rival of the African National Congress (ANC), has damaged President de Klerk's credibility at home and abroad. But until yesterday it was not clear that he had known of the payments.

The ANC yesterday called for a full judicial enquiry into all secret funding. It restated its call for the resignation of Mr Adriaan Vlok, law and order minister, but said this would not be enough to defuse the row. Gen Magnus Malan, the defence minister, and Mr Pik Botha, the minister of foreign affairs who has admitted authorising R250,000 ($86,000) in payments to Inkatha, must also be investigated, it said, along with allegations of government hit squads and the operation of a "third force" within the security services.

Mr de Klerk's involvement was disclosed by Mr Peter Wronsley, the auditor general, who said the president and Mr Barend du Plessis, the finance minister, would have had to sign a final audit report of a government fund for so-called "secret services" which is budgeted this year at R380m.

Pretoria has admitted that payments of at least R1.75m were made from this fund to Inkatha, and its allied trade union, the United Workers.

Mr F.W. de Klerk yesterday began a two-day meeting of his extended cabinet, which is likely to be dominated by efforts to limit the political damage caused by the scandal.

ANC officials said privately that they hoped to use the government's embarrassment to force concessions on issues which have been obstructing progress. They hoped Mr de Klerk would be forced to bring the security forces under independent scrutiny, to prevent what they say is government collusion in the violence which has left 2,000 people dead in the past year.

Mr Vlok has said he would "reconsider his position" as a minister if he proved an obstacle to negotiations on a new constitution. He was to discuss his political future with Mr de Klerk at the cabinet meeting.

But the Auditor General's comments make clear that cabinet responsibility for the affair extends beyond Mssrs Vlok and Botha. If Mr de Klerk decides to sack Mr Vlok, he could face the charge that he has merely created a scapegoat in an affair for which he takes ultimate responsibility.

Background, Page 4

Winding-up delayed

Continued from Page 1

in the eight years to 1985.

Much of the dealing was done through the names of customers of the bank – a fact which BCCI covered up in part by paying $32m to Mr Said Ziaudin Ali Akbar, the former manager of its treasury operations, "to prevent him disclosing the true position."

BCCI's losses were covered up through a complex series of fictitious loans, unrecorded deposits of $600m and dealings in its own shares through nominees to manufacture profits.

Other banks, as well as some of BCCI's biggest customers, helped in the cover up, according to Price Waterhouse.

Major outlines terms of BCCI inquiry

By Ivo Dawnay, Political Correspondent, in London

THE BRITISH prime minister tried to calm the growing political storm over the BCCI affair yesterday by announcing that Lord Justice Bingham will head an inquiry entitled to call on himself, other ministers, the Bank of England and the security services.

Giving a categorical assurance that he knew nothing of a "very sophisticated and serious" fraud in the bank until informed by the Bank of England on June 28, Mr John Major said: "Nothing and no one will be held back."

His statement did nothing to mollify Mr Neil Kinnock, leader of the opposition Labour party. He claimed that Mr Robin Leigh-Pemberton, governor of the Bank of England, had told an all-party group of MPs on Thursday that Mr Major, when he was chancellor of the exchequer, had been kept "fully informed of all developments" concerning the troubled bank.

Mr Kinnock said: "This is a matter of ministerial responsibility and ultimately the responsibility of the premier."

Earlier, responding to an emergency question from the Labour leader, Mr Major had spelt out Lord Justice Bingham's terms of reference as: "to inquire into the supervision of BCCI under the Banking Acts; to consider whether the action taken by the UK authorities was appropriate and timely; and to make recommendations".

The inquiry would have access to "all relevant papers and officials" and its conclusions would be made public.

The prime minister's efforts to quash suspicions of a high-level cover-up met short shrift from Mr Kinnock. In reply to the announcement, the Labour leader said auditors' reports in March and October of 1990 had unveiled "widespread irregularities."

He claimed there was "a substantial reason to believe" that in January the Bank and relevant government departments had received a formal report that BCCI was linked to terrorist organisations.

He said: "It would indeed be strange if the government was not aware of repeated reports from Price Waterhouse of very serious and continued irregularities in BCCI, of the money laundering cases in the US and of information available from security services about practices at the BCCI."

In an angry response, Mr Major said: "You are muck-raking and you know it" – provoking an explosion of protest from the Labour benches.

Last night, the Bank said: "The governor certainly did not intend to give any impression that the chancellor is briefed other than in general terms on major supervisory developments and issues.

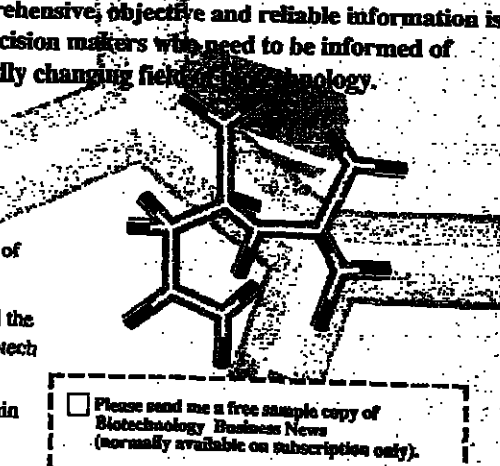
"As the PM indicated in the House today, the governor would not have told the chancellor about individual reports on individual cases and would not have thought it necessary to do so. Day-to-day supervision is a matter for the bank."

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Berlin	C	18	64	Caracas	C	30	86	Faro	S	25	77	Islamabad	C	31	88
Algiers	S	34	93	Biarritz	S	25	77	Casablanca	S	27	81	Florence	S	32	90	Istanbul	F	29	84
Amsterdam	S	21	70	Bombay	F	30	86	Chicago	C	27	81	Frankfurt	F	22	72	Jakarta	R	32	90
Athens	S	34	93	Bordeaux	S	30	86	Cologne	S	21	70	Geneva	S	25	77	Jersey	C	21	70
Bahrain	S	36	97	Boulogne	F	23	73	Copenhagen	C	16	61	Gibraltar	S	26	79	Johannesburg	S	18	64
Bangkok	R	33	91	Brussels	F	21	70	Corfu	S	32	90	Glasgow	C	17	63	Lima	C	18	64
Barcelona	S	28	82	Budapest	S	26	79	Dallas	S	24	75	Helsinki	F	19	66	Lisbon	S	24	75
Beirut	S	29	84	Buenos Aires	F	15	59	Dublin	R	18	64	Hong Kong	F	30	86	London	F	21	70
Belfast	C	15	59	Cairo	S	35	95	Dubrovnik	S	30	86	Innsbruck	S	25	77	Los Angeles	C	17	63
Belgrade	C	25	77	Cape Town	C	14	57	Edinburgh	C	17	63	Inverness	C	16	61	Luxembourg	S	23	73

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	25	77	Milan	S	27	81	Nicosia	S	29	84	Salzburg	S	24	75	Tenerife	S	26	79
Madrid	S	29	84	Montreal	S	19	66	Oporto	C	20	68	San Francisco	C	14	57	Tokyo	C	31	88
Majorca	S	35	95	Moscow	F	21	70	Oslo	F	21	70	Seoul	R	26	79	Toronto	S	22	72
Malaga	S	31	88	Munich	S	23	73	Paris	F	26	79	Singapore	C	29	84	Tunis	S	36	97
Malta	S	31	88	Nairobi	C	18	64	Peking	S	34	93	Stockholm	C	17	63	Valencia	F	30	86
Manchester	F	21	70	Naples	S	29	84	Prague	F	21	70	Strasbourg	S	25	77	Venice	S	29	84
Manila	R	30	86	Nassau	F	33	91	Reykjavik	F	15	59	Sydney	R	12	54	Vienna	F	23	73
Melbourne	F	10	50	New Delhi	F	34	93	Rhodes	S	28	82	Taipei	F	34	93	Warsaw	C	18	64
Mexico City		–	–	New York	S	27	81	Rio de Janeiro	F	30	86	Tangier	F	24	75	Washington	S	28	82
Miami	F	26	79	Nice	S	28	82	Rome	S	29	84	Tel Aviv	F	29	84	Zurich	S	24	75

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder



FINANCIAL TIMES SURVEY

PHARMACEUTICALS

SECTION III

Tuesday July 23 1991

Economic recession has not touched the industry. Yet while sales and profits are growing fast, soaring R&D costs and government moves to hold down health spending are forcing companies to seek partners for merger, acquisition or strategic alliance, writes Clive Cookson.

Successful but cautious

EXECUTIVES in the pharmaceutical industry are asking themselves with increasing nervousness how much longer the good times can last. For how long can the industry go on pushing up profits by 15 per cent a year, regardless of the external economic cycle?

Old-timers point out that its Cassandras were predicting a gloomy future 10 years ago, when drug development times were increasing rapidly, new regulations threatened to strangle innovation and some scientists were saying that it would soon be virtually impossible to discover useful new drugs because all the best ones had already been found.

Yet the 1980s turned out to be a period of unprecedented prosperity for large drug companies, almost regardless of their product line. Many innovative new products were launched, and even the relatively poor performers have been highly profitable compared with their counterparts in science-based industries. For example, most of the leading US computer manufacturers of a decade ago – Burroughs, Sperry, Honeywell, NCR and Control Data – have fared worse than the less successful US drug companies such as Pfizer, Sterling Drug and Eli Lilley.

There is a striking contrast, then, between the current success of the \$180bn-a-year world pharmaceutical industry and its fears for the future, which are driving companies into a variety of mergers and alliances. The concerns include:

- Rapidly escalating research and development costs. According to the US Pharmaceutical Manufacturers Association, the cost of developing a new drug has risen from an average \$125m in 1987 to \$230m in 1990.
- Growing pressure to cut the price of medicines. Drugs are a tempting target for governments wishing to restrain soaring health-care costs, although they represent only about 10 per cent of health spending and can actually save money if used sensibly.
- A switch from branded prescription drugs, the source of the industry's prosperity, to non-prescription "over-the-counter" medicines on the one hand and unbranded "generic" drugs on the other.

The industry's recent combinations and alliances – the partnership between Sanofi and Sterling, Roche's acquisition of Genentech, Merck's joint venture with Du Pont, and the Rhône-Poulenc Rorer, SmithKline Beecham and Bristol-Myers Squibb mergers – are driven by the feeling that only large global companies can spend hundreds of millions of pounds a year on R&D to maintain a flow of new drugs innovative enough to make large profits in the price-conscious pharmaceutical markets of the 1990s. And only global marketing operations can push new drugs on to all the world's main markets quickly enough to make a good return before their patents run out.

"We tend to think that our industry is dominated by large global companies," Robert Cawthorn, chairman of Rhône-Poulenc Rorer, told this year's Financial Times World Pharmaceuticals Conference. "Nothing could be further from the truth. There are literally hundreds of pharmaceutical companies in the world, and the regional companies currently dominate."

The pharmaceutical industry is certainly far less concentrated than other manufacturing sectors such as aerospace, cars, computers and telecommunications equipment. The largest drug company, Merck of the US, has only just over 4 per cent of the world market; and three more, Bristol-Myers Squibb of the US and Glaxo and SmithKline Beecham of the UK, have over 3 per cent.

According to Mr Cawthorn, a 2 per cent share of the world market gives a pharmaceutical company sufficient "critical mass to compete effectively" on R&D and marketing. Twelve companies now have critical mass by that definition.

Drug companies in the second tier with 1½ to 2 per cent of the world market, including ICI and Wellcome in the UK, maintain that they are large enough today to compete with the giants on R&D and marketing. But concern about their future competitiveness as solo players is prompting them to look actively for partners.

Over-the-counter and generic pharmaceuticals are even more fragmented than the mainstream prescription drugs industry. Mr Olivier Teirlynck, of McKinsey & Company, who has studied the European OTC market, says that of more than 15,000 registered brands only 10 can be bought in seven or more countries. And even the leading brands suffer from widely divergent national regulations; for example, anyone can buy the Vicks-Sinex cold remedy in British supermarkets, while in Germany it is sold only in pharmacies, and in France it is available only on prescription.

The market for OTC drugs, also known as self-medication, is worth an estimated \$8bn a year in Europe and \$25bn worldwide. It, too, is consolidating rapidly. Recent OTC deals include Roche's purchase of Nicholas Labs from Sara Lee, and a joint venture between Merck and Johnson & Johnson.

Most experts predict that OTC sales will grow faster than the prescription drug market over the next decade, and some enthusiasts go so far as to predict that the two sectors could be similar in size early in the next century.

Some pharmaceutical companies, such as Glaxo and ICI, have a corporate policy to avoid the OTC market. They recognise that it requires skills in selling directly to consumers and is very different from the medically-oriented marketing of prescription drugs. Another crucial difference is that many leading OTC brands have been on the market for several decades, while the money-spinning prescription brands are much more modern.

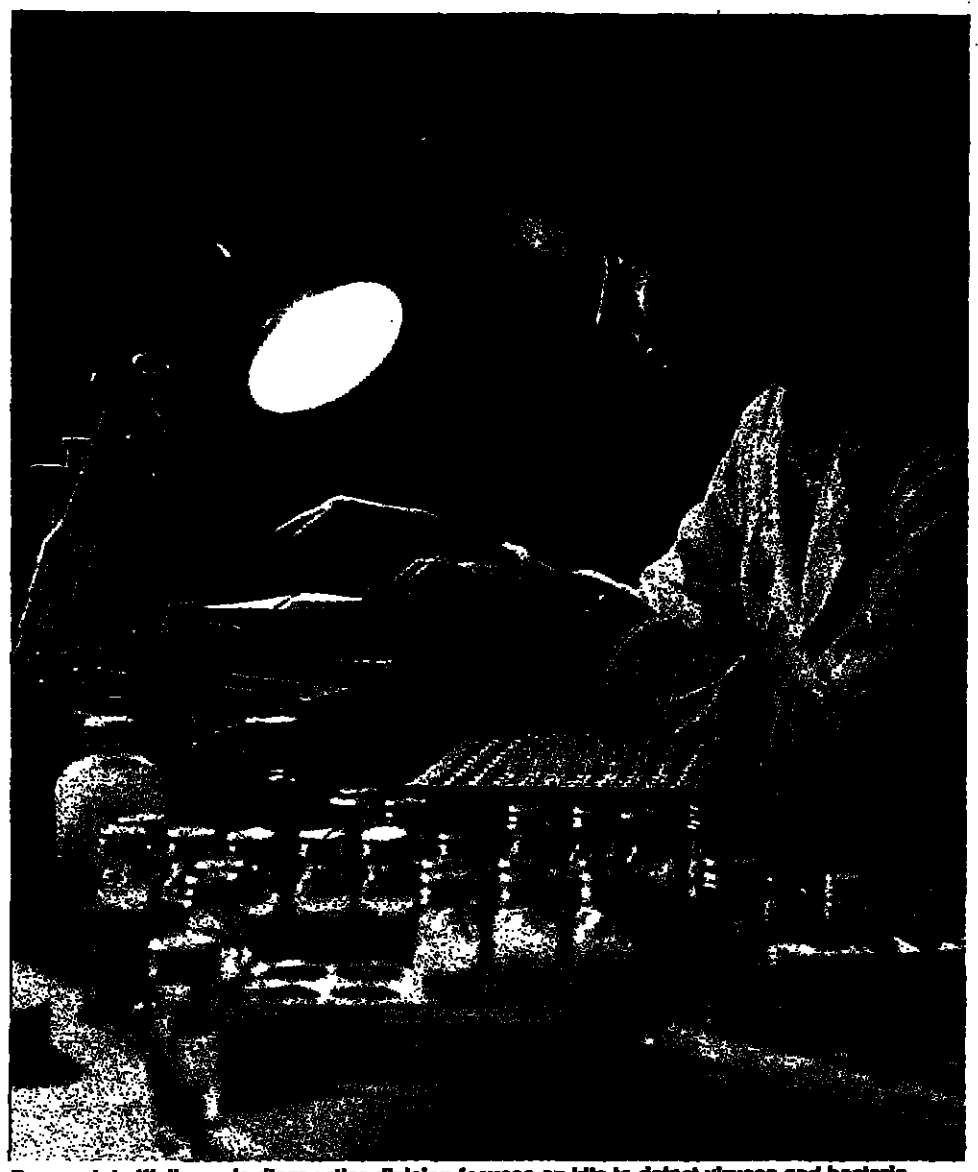
But many other drug companies have a stronger tradition of consumer selling, including SmithKline Beecham, Bayer, Warner-Lambert and American Home Products, and they are competing to increase OTC sales. Some best-selling drugs, such as SmithKline Beecham's ulcer treatment Tagamet, have a good enough safety profile to offer the prospect of a switch from prescription-only to OTC as they lose patent protection.

As the European and American drug companies manoeuvre for strategic advantage, they are looking anxiously over the eastern horizon. A dozen Japanese pharmaceutical companies are preparing to break out of their \$30bn-a-year home market and take on the western companies in the global market. They are beginning to set up research and manufacturing operations outside Japan. Examples are Yamanouchi's research centre, in Oxford, and manufacturing plant in Ireland, and Eisai's research institutes in London and Boston.

At present, drugs discovered in Japan are generally sold overseas by foreign licensees. But, as part of their globalisation strategies, Japanese companies plan in due course to establish their own marketing operations in other countries.

Today the Japanese have 45 per cent of their own pharmaceutical market and 2 per cent of the European and American markets. Given the long development times of the pharmaceutical industry, it will be well into the next century before Japan's share of the western market could reach 10 per cent – and some observers doubt whether it ever will.

The Japanese are looking in their patient, polite way for overseas partners. For example, David Friend, chief executive of ICI Pharmaceuticals, says Japanese drug companies have approached his company about an international alliance, "but we've always said that we are not really interested". He believes that the Japanese would gain much more from such a partnership than ICI. "They would be using us as a way of entering the world market."



Research in Wellcome's diagnostics division focuses on kits to detect viruses and bacteria, including HIV, which causes Aids, and salmonella, a cause of food poisoning

IN THIS SURVEY

The first year of a company that can claim to be a world player

☐ Rhône-Poulenc's acquisition of 68 per cent of Rorer has produced a pharmaceuticals operation which can boast sales that top \$3.6bn and an R&D budget of \$440m. It is ranked in the top three in Europe, and has vastly improved its presence in the US, the world's largest market. As RPR prepares to celebrate its first anniversary, the marriage is analysed on Page 5

ALSO

Restructuring the industry

Alliances offer a model

ESCALATING costs, caused mainly by the need for truly innovative research, see the world pharmaceutical industry facing unprecedented change.

However, despite growing research-and-development budgets – R&D expenditures have risen 15 per cent per annum since 1985 – there has been a marked drop in research productivity. The number of new drug applications submitted has actually decreased by about 10 per cent every year.

According to the US Pharmaceutical Manufacturers Association, the cost of developing a new drug has risen dramatically – from an average $125m in 1987, to $230m in 1990.

The industry which was once considered a stable one, with the same 20 or 30 companies remaining market leaders for the past 25 years, took a giant shake-up following the events of the period 1988 to 1990.

One leading UK drug industry analyst called it merger mania, while another described it, more conservatively, as a consolidation of the industry. No fewer than 15 large mergers were reported or completed during that period, leaving the stock market asking: who or what will be next?

The merger process was on a global scale, though most of the deals were in the US, or involved US companies, and are helping to reshape the US pharmaceuticals industry by reducing the number of independent manufacturers and bringing foreign ownership. Those companies that remain are looking for a friendly partner, and are taking moves to install takeover defences and to initiate a plan of survival.

"In sharp contrast, the first year of the new decade has been a year to digest," says Robin Gilbert, analyst at James Capel. "The obvious companies got involved in mergers, but now the industry is sitting back and digesting the outcome."

In 1990, only two acquisitions were over $500m: Rhone-Poulenc's $3.3bn fusion with Rorer, and Roche's $2.1bn acquisition of Genentech. Two of the biggest deals of 1990 were not acquisitions at all, but joint ventures: Sanofi's joint venture with Sterling Drug, and Du Pont's joint venture with Merck.

The Sanofi-Sterling alliance provides an innovative solution to both companies' competitive and financial pressures. An important aspect of it is that it does not involve any exchange of funds between the parties or the goodwill-depreciation that would result in a dilution of per-share earnings, the companies say. This is said to have been made possible by the comparable sizes of the two companies and their geographical and research complementarity.

"The alliance will create a new awareness of the Sanofi name in the US, and bring considerable R&D synergies together," said Mark Tracey, analyst at Paribas Capital. "The deal could be the forerunner of Sanofi taking eventual control of Sterling by 1995," he added.

It seeks to preserve each partner's cultural identity and financial capacity. Basic research will remain independent, with the alliance having exclusive rights to the two companies' pipelines. Certain development costs will be shared. The production and marketing of ethical drugs will be conducted jointly under the name Sanofi Winthrop, for which two territories are created. One of these ventures, to be 51 per cent owned by Sanofi, will be responsible for Europe, Africa and most of mainland Asia. The other, 51 per cent-owned by Sterling, will cover North and South America and most of south-east Asia.

Each region will be run by strategic management committees, co-chaired by management from both companies. The planned structures will allow each company to maintain earnings derived from existing operations, while all synergies and future operations will be shared.

"It will work and it will work better than a merger," was the joint message expressed by two very enthusiastic chairmen: Sanofi's Jean-Francois Dehecq, and Sterling Drug's, Louis Mattis, in Paris recently.

Commenting publicly for the first time on the alliance, both said they were even more convinced that their vision to form an alliance was the right one.

This alliance "makes sense, it's smart to do business this way," Mr Mattis said. It was a pioneering venture that would show the drug industry a new way to do things.

Mr Dehecq said: "The alliance was made possible by the coming together of two philosophies and a determination to make it a success."

The second joint venture between Du Pont and Merck & Co was more surprising at first glance, because the two partners could not be more different. Du Pont had spent heavily on R&D but was not getting a just return, due to its limited development skills to turn projects into products. Meanwhile, Merck was facing a different issue, managing its large R&D operation. It also faced a challenge to its research supremacy from the new Bristol-Myers Squibb (BMS) operation. BMS could now spend at Merck's R&D expenditure level.

Still partly a product swap arrangement, Du Pont Merck Pharmaceuticals gives Du Pont the assured products and development capability it needs to finance and create an international sales operation, which in turn would subsidise a larger research programme. Merck sees the joint venture as a partial answer to its own greatest R&D difficulty, managing the continuing growth of its superb research programme.

One long-term challenge for both companies will be managing the structural competition between parent and joint venture, both as worldwide competitors and as co-marketeers in Europe. Amid the restructuring that has swept the industry, there have also been some more fundamentally important strategic alliances that have gone unnoticed.

These are joint ventures, licensing agreements and co-marketing and co-promotion deals, which are now becoming the norm rather than the exception with new production launches, said Martyn Postle, pharmaceutical consultant with KPMG Peat Marwick. They were usually negotiated on a country-by-country basis, he added. Although they did not hit the headlines, in the long term their impact was likely be a cornerstone to growth and development.

What is the future shape of the industry? Sam Isaly, of Mehta and Isaly, New York, said: "Early evidence shows that the few mega-mergers that have been completed have been a stunning success, and we anticipate further duplication. But there will be more of the Sanofi-Sterling deals."

In the UK, the question being asked is: what happens to ICI's pharmaceutical operation? There has already been much speculation, but until Lord Hanson makes a move the market can only guess.

A similar problem exists in the US, where Schering-Plough, Syntex, Warner-Lambert and Upjohn (everyone's favourite takeover candidate) are all vulnerable to predators seeking to enlarge their operations. Perhaps one or more of these will make a sizeable purchase themselves, or even a major strategic alliance.

The latest joint ventures are different, and give a fresh approach to current problems. If they succeed, they could become a model for the rest of the industry.

Alan Archer

Editor, FT newsletter Pharmaceutical Business News

The leading pharmaceutical companies

	Home country	Sales 1990 (£m)	Growth 1990/89 %
Merck	US	3,610	9.4
B-Myers Squibb	US	3,380	8.0
Glaxo	UK	2,970	9.2
SmithKline Beecham	UK	2,810	0.0
Hoechst	Germany	2,600	18.2
Ciba-Geigy	Switzerland	2,580	11.7
J&J	US	2,360	12.4
AHP	US	2,260	-3.0
Sandoz	Switzerland	2,250	8.7
Eli Lilly	US	2,090	16.8
Bayer	Germany	2,090	8.3
Pfizer	US	2,070	10.7
Rhône-Poulenc Rorer	France	2,030	7.4
Roche	Switzerland	1,950	19.6
Takeda	Japan	1,500	-23.9
Schering-Plough	US	1,490	6.4
ICI	UK	1,390	8.6
Marion M-Dow	US	1,370	3.0
Upjohn	US	1,360	3.8
Wellcome	UK	1,270	15.5

Source: Pharmaceutical Business News/ Industry estimates

Generic drugs

When the patent expires

THIS MONTH ICI Pharmaceuticals announced that it would for the first time produce a generic (unbranded) drug. ICI's plan illustrates the ingenious moves made by research-based companies to hold on to as much as possible of the market for their best-selling products after the patents run out.

ICI will supply Tenormin, its beta-blocker heart drug, in generic form (under the chemical name atenolol) in the US when the main patent runs out in September. The UK company sold £650m worth of Tenormin last year – half in the US.

When a blockbuster drug such as Tenormin loses patent protection, the manufacturer normally loses 50 per cent of its sales to cheap generic competitors within two years. ICI's strategy involves not only manufacturing its own generic atenolol but also providing an enhanced service – including, for example, a monthly newsletter – to patients who stay with full-priced Tenormin. Mr David Friend, chief executive of ICI Pharmaceuticals, hopes that the dual strategy will "stop the loss of business at the 30 to 40 per cent level".

ICI's generic atenolol, made at its Puerto Rico factory, will initially be priced just 15 per cent below branded Tenormin. But the price differential will almost certainly increase when cheaper generic competitors come in.

A drug which has been off-patent for several years may cost as little as one quarter as much in its generic form as in its original branded version.

One reason why generic drugs are relatively cheap is that their manfacturers do not have to bear the high research, development and marketing costs of the manufacturers of the original branded equivalents. Another is that generic manufacturing is a highly competitive business with low profit margins, while the research-based pharmaceutical industry is one of the most profitable of all manufacturing sectors.

Compared with the increasingly global research-based companies, the generic industry remains fragmented. Most generic drugs are still made by small local companies, although a few research-based multinationals also own generic companies.

Not surprisingly, generic manufacturers have made most progress in countries where the price of branded drugs is highest. They have more than 25 per cent of the US market (though the American industry has been hit by a scandal involving irregularities in the Food and Drug Administration approvals process for generics).

In most of northern Europe, generics have at least 10 per cent (by value) of the pharmaceutical market. In southern Europe, where governments hold down drug prices, their share is only 1 or 2 per cent.

UK sales of generic drugs were worth about £210m in 1990, according to Mr Alan Smith, secretary of the British Generic Manufacturers Association (BGMA). That was only 10 per cent of total pharmaceutical sales by value, although 43 per cent of all NHS prescriptions were for generics. The disparity shows how cheap generics are: their average cost per prescription is £1.42, compared with £6.77 for a branded drug.

The proportion of prescriptions filled by generics fell from 95 per cent at the birth of the National Health Service in 1947 to a low-point of 20 per cent in 1982. Generics have picked up steadily since then – and were given a special boost in 1985, when the government introduced a "selected list" of medicines that doctors were allowed to prescribe on the NHS. Mr Smith believes that, given fair treatment by the government, generics can fill more than 60 per cent of all UK prescriptions by the mid-1990s.

Last year, when 43 per cent of prescriptions were for generics, 7 per cent were for patented branded drugs and the remaining 50 per cent were for off-patent branded drugs. Mr Smith says that about half of the prescriptions currently written for off-patent branded drugs could be replaced in practice by the equivalent generics; the other half involve drugs that are too specialised, too complicated or too low-selling to make generic manufacturing worthwhile.

David Friend: a dual strategy

The UK generics industry claims that every 1 per cent swing away from branded prescriptions saves the NHS £20m a year. The government puts the saving closer to £10m a year.

But in two significant areas the UK government is obstructing the spread of generic prescribing, according to the BGMA:

■ One is its refusal to pay for the NHS to follow other European health services and adopt "original pack dispensing". Current UK practice is for generic manufacturers to supply drugs in bulk packs, from which the pharmacist pours a liquid or counts tablets into a smaller container. OPD means supplying medicines in ready-to-dispense sealed packs. The BGMA says OPD would give doctors the confidence to prescribe more generics – and this switch from branded drugs would more than cover the additional packaging costs of OPD (estimated at £25m a year).

■ The other issue upsetting the generics industry is a radical change in the charging system of the Medicines Control Agency, announced last month. The MCA, which licenses drugs in the UK, is to cut the one-off charges for registering a new medicine, and introduce an annual service charge for each medicine a company sells. The effect is to penalise generics companies, which manufacture a much larger number of drugs (typically 250 to 300) than the research-based companies.

Mr Smith says the new MCA charges will cost the generics industry £1.5m a year – a significant burden for a group of companies whose overall profits last year were only £5.3m.

The UK generics industry consists of eight substantial manufacturers – five of which made net losses last year. In addition, there are about 40 small generic companies (with sales below £10m a year).

However, the UK industry is now restructuring. There were two significant moves last year. Evans Medical and Thomas Kerfoot came together in the Medeva group. And the worldwide pharmaceutical merger of Rhône-Poulenc of France with Rorer of the US brought together their two UK generic subsidiaries, Berk and APS.

The effect of those two mergers will be to reduce the number of significant independent players in the UK generics market from eight to six. The other four are: CP Pharmaceuticals, part of the Fisons group; H.N. Norton, acquired by Ivax of the US last year; Cox Pharmaceuticals, owned by Hoechst of Germany; and Generics UK, part of the worldwide chain of generic companies owned by the Tabatznik family of South Africa.

Clive Cookson

R&D: the big British-owned groups believe that better planning and co-ordination can reduce clinical development times

UK centre plans to be a global influence in the 1990s

MEDICAL DIRECTORS of 55 major pharmaceutical companies in Europe, the US and Japan have been asked to help in a British study to try to identify the bottlenecks in clinical development which, since the 1960s, have helped to triple the total time it takes to develop a new drug.

This follows a pilot study by the Centre for Medicines Research, in which medical directors from six UK-owned, research-based pharmaceutical groups reveal that the clinical development phase has extended from three years in the 1960s to an average of seven years in the 1980s.

Clinical development is the most protracted and costly of the several phases of new drug development. The Centre for Medicines Research, mainly funded by the Association of the British Pharmaceutical Industries, at Carshalton, Surrey, believes tougher regulatory demands are not the only reason for the increasing cost of this phase. It has identified two others:

- The need to produce clinical dossiers for international registration; and
- The extra clinical data required to satisfy international *regulatory requirements*, compared with the 1970s.

But the British six believe that, by better planning and coordination, they could reduce clinical development times.

In the US, the centre finds, total drug-development time *lengthened from an average of* 6.5 years in the 1960s to 14 years by the early-1980s, with the clinical development phase taking 60 per cent of total development time. The situation is better in Europe, where data from Belgium, France, Italy and Sweden on development times shows that they were averaging between eight and 10.7 years in the late-1980s.

The Centre for Medicines Research, directed by Professor Stuart Walker, plans to become a major resource for the international pharmaceutical industry by the mid-1990s. To this end, it is internationalising its top management. It has recruited Mr Pierre Douaze, head of Giba-Gigy's pharma division in Basle, to represent all three major Swiss drug companies on its policy committee.

In spite of the industry's development difficulties, 25 new chemical entities were introduced to the UK market in 1990, of which 16 have been developed by European companies and nine by US-owned firms.

This compares with 23 new approvals for the US market, of which 17 are products of US-owned companies and only six from European firms.

Of the 25 new products introduced in the UK, six are cardiovascular drugs, six are anti-infectives, and three are for treating cancer. Ondansetron, from Glaxo, is a selective 5HT3-receptor antagonist for the control of nausea and vomiting associated with cancer treatment.

It is also showing possibilities as a treatment for memory loss. The only novel biotechnology product to receive approval was epoetin alpha, a recombinant human glycoprotein hormone from the Swiss company Cilag, used for treating anaemia in patients on dialysis where it can avoid the need for blood transfusions.

"Biotechnology does not always lead to profits – it can lead to losses," a researcher for the Centre for Exploitation of *Science and Technology* (CEST), the London-based think-tank formed by 18 of Britain's research-based companies, including Glaxo and ICI, has commented this spring. Dr John Savin went on to mention the consumer-resistance from *national health services to new* biotechnology drugs – the products of genetic engineering, for example – because they were far too expensive. Well-known examples include the genetically engineered versions of TPa, the clot-busting drug.

Nevertheless, Dr Savin has written for CEST a study* of the commercial importance of antibody engineering, one of the latest techniques of biotechnology, which predicts that it will underpin sales worth $6bn a year by the end of the decade. The seven disease sectors expected to respond to therapeutic antibodies include some of the more intractable diseases such as Aids, arthritis and cancer, and are shown in the accompany chart.

Antibody engineering can be characterised as third-generation biotechnology, still at the research stage and generating negligible sales at present. Antibodies are agents that can bind to and neutralise foreign molecules (antigens).

The aim is to achieve both high specificity and a very tight bond. Antibody engineering – genetic manipulation of antibodies – can improve both factors, in effect fine-tuning the antibody.

Britain invented the technology for making monoclonal antibodies in the mid-1970s, and Cambridge scientists have remained at the forefront of international research in antibody engineering, notably through the research of Dr Greg Winter, of the Medical Research Council's Laboratory of Molecular Biology. The MRC, which hopes to benefit from royalties on this research, asked CEST to show how the world valued the new technology.

CEST concludes that "antibody engineering is a critical strategic research area, capable of benefiting the UK economy through technology transfer to existing major UK pharmaceutical *companies and to the* emerging small-company sector." It believes the technology will best be commercialised through new start-up companies to develop the initial discoveries, which will then form alliance with major pharmaceutical firms. It also concludes that the UK is best placed of all European countries to launch such research firms, and can develop a national competitive advantage this way.

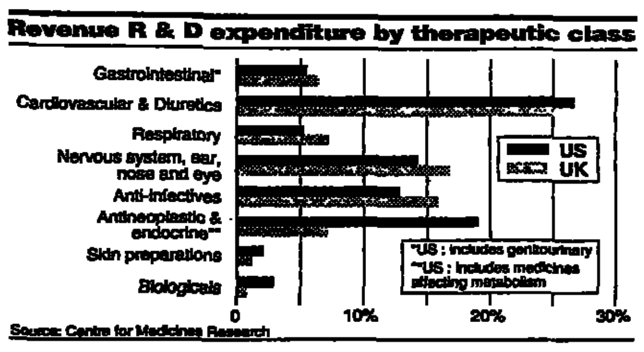
But CEST finds the UK lead in fundamental antibody engineering to be very narrow, and forecasts that the US may be first to make wholly human monclonal antibodies. It identifies such biotechnology research firms as Genex and Cytogen, and notes that the MRC itself has licenced 22 companies to work in this field.

It expects the highly innovative culture of the US to reap greatest benefits from antibody engineering, leaving the UK with an estimated 7-8 per cent of the market by the year 2000, worth about $400m. It might *add another $100m from sales of* radio-isotopes attached to antibodies and from royalties on the MRC patents.

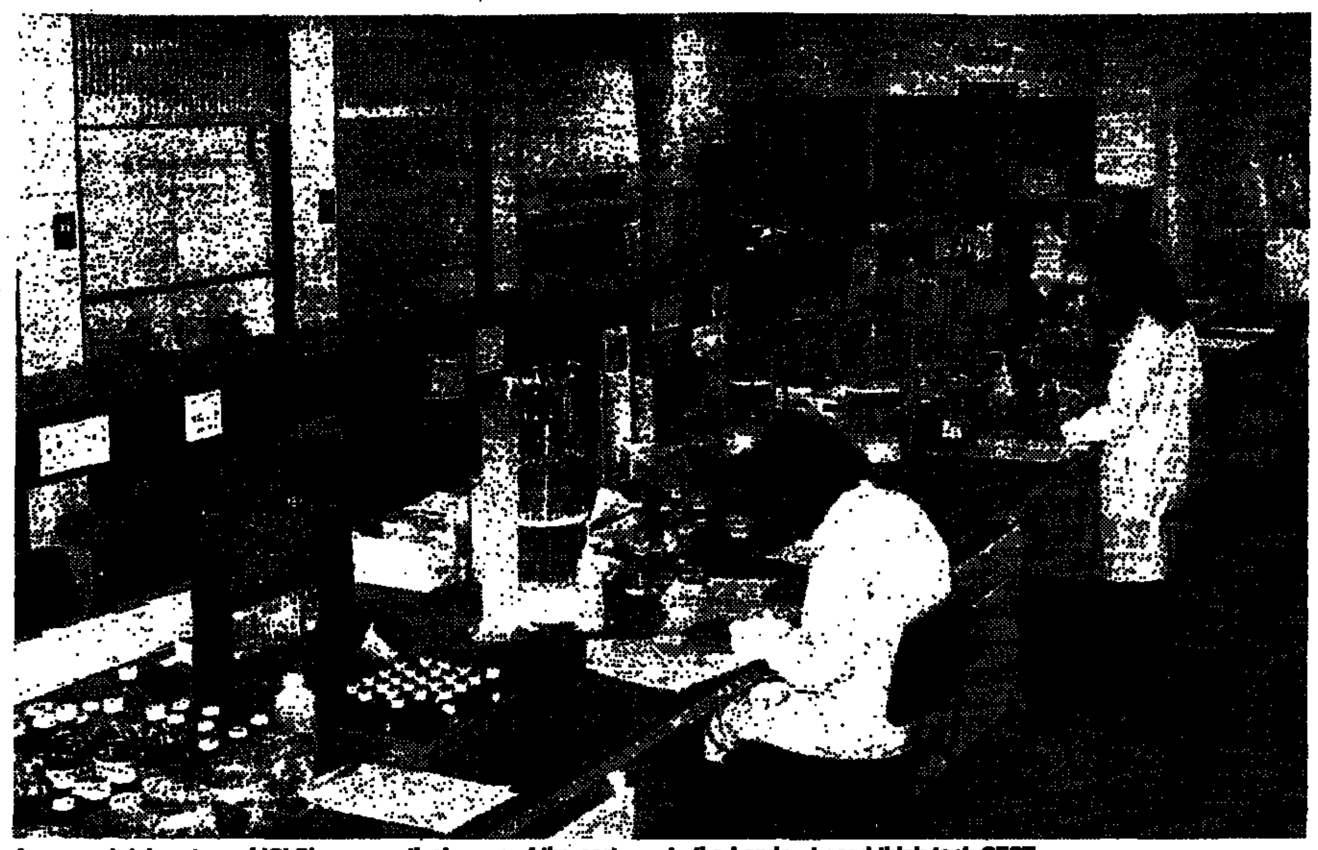
**The value of antibody engineering technology to the UK. Published by CEST, 5 Berners Road, London N1 OPW. £115.*

David Fishlock

Revenue R & D expenditure by therapeutic class

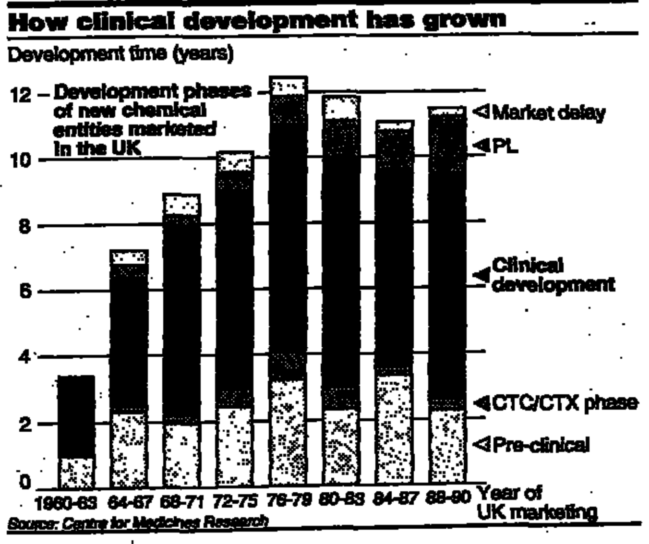


Source: Centre for Medicines Research

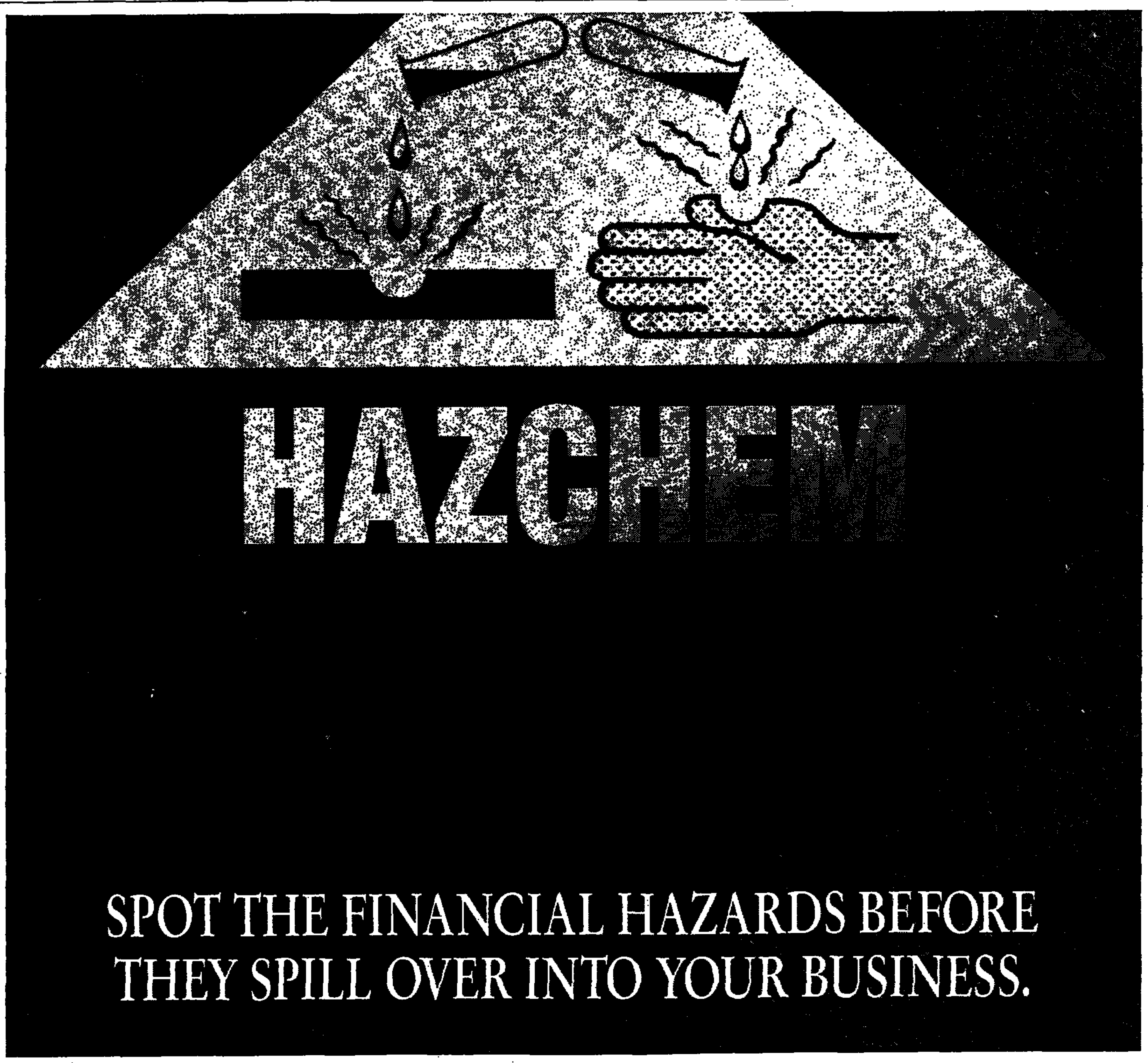


A research laboratory of ICI Pharmaceuticals, one of the partners in the London-based think-tank CEST

How clinical development has grown



Source: Centre for Medicines Research



Regulations: governments are starting to hack a way through the safety jungle, but . .

Health-cost cuts are a new inhibition

PHARMACEUTICAL companies have to push their products through a thicker forest of safety and efficacy regulations than any other industry. Increasingly stringent regulatory requirements are a prime reason why the time taken to develop a new drug increased from an average of three-to-four years, in the early 1960s, to 10-to-12 years in the late 1980s.

There are encouraging signs that governments are now *beginning to hack back the* jungle of safety regulations, particularly by harmonising different national requirements. And drug-development times are falling slightly from the 1980s peak.

On the other hand, companies now face a fast-growing new regulatory forest, sown by governments' determination to hold down soaring health costs.

Companies have to justify new drugs' cost-effectiveness by *showing they reduce* time spent in hospital

"Over the last couple of years, the requirements for getting the *price* you want have increased enormously," says Ms Linda Bilmes, of Boston *Consulting Group*. "In addition to their traditional medical dossier, companies are having to put together an economic dossier – which is becoming a major regulatory hoop."

Companies are having to justify *the cost-effectiveness* of new drugs, for example by showing that they reduce the time patients spend in hospital. This is particularly important *for drugs* which are not clear medical breakthroughs but incremental improvements on what is already on the market.

Countries that have recently introduced new pricing regulations include the Netherlands, Germany, Australia and Canada. It is not yet clear whether they will have an impact on development times, but they will certainly add to the costs of introducing a new drug.

Companies are having to balance the cost of delaying an introduction, while they gather economic data, against the risk that the drug will be placed in a lower price category without the data.

Meanwhile, conventional medical regulations are being harmonised both within the European Community and on the global level.

A stream of EC directives since 1965 has brought some harmony to European drug-licensing procedures, but significant differences remain. The length of delays in approving medicines varies considerably (with the UK Medicines Control Agency one of the fastest performers). And, as the Economist Intelligence Unit pointed out in a recent report on Europe's pharmaceutical industry, the emphasis in criteria may differ. For example, the UK and Denmark place most weight on controlled large-scale clinical trials, while Germany and the Netherlands emphasise the pharmacology of new substances.

The final *form* of a harmonised European licensing system is not yet clear, though the Commission wants to set up a central European Medicines Agency by 1993. There would then be two routes for safety testing and approving new drugs:

■ The centralised route. All products derived from biotechnology or made by biological methods, including vaccines, would have to be tested by the new agency. Companies could also use the central agency, on a voluntary basis, for licensing conventional chemical drugs.

Before a new drug reaches the dispensary, it is required to pass through a forest of safety and efficacy regulations

■ The decentralised route. The *12 existing national agencies* would still be available to license conventional drugs. A company given approval in one country could then apply to other member states to accept this decision, on the principle of mutual recognition. If another country refused to accept the original decision, and the two national agencies concerned could not sort out the disagreement, it would be resolved by binding arbitration through the central agency.

The decentralised route would be a strengthened version of the voluntary system for "multi-state" drug applications which the EC has operated since 1986, through the European Committee for Proprietary Medical Products.

The first formal international conference on *harmonisation will be* held in November

This has not worked well, because national regulatory agencies frequently object to submissions from other countries and the system has been plagued by long delays. According to a recent EC report, one application had not been settled after almost four years.

On the global level, the first formal international conference on harmonisation will be held in Brussels in November. It is being organised jointly by the EC, the US Food and Drug Administration and the Japanese Ministry of Health and Welfare, and by several trade associations representing the international pharmaceutical industry.

Total harmonisation would mean that a company would need to carry out only one set of scientific tests, animal experiments and human trials, *in order to* apply to register a new drug anywhere in the world.

In practice, some differences in clinical requirements will *survive because* medical practice and social conditions vary so much in different parts of the world. If one country insists on special clinical *requirements*, however, these must be based on rational criteria. Japan will no longer be able to insist that *any* new drug be tested on Japanese patients before it can be considered for approval.

The ministry of health and welfare, in Tokyo, has long been notorious for maintaining very different standards from *the rest of the world* – less to protect Japanese patients than to protect Japanese drug companies from international competition. But that attitude has changed remarkably over the last five years or so, as the Japanese companies have sought to expand overseas.

There are no global estimates for the total savings *likely to come from* bringing all drug licensing requirements into line. But the Centre for Medicines Research in the UK recently looked into one particular issue, the duration of animal *toxicity studies*. It concluded that, apart from carcinogenicity testing, there was no safety advantage in continuing toxicity tests for longer than six months.

The European Community has already adopted a six-month duration for toxicity testing, but the US and Japan insist that animal tests continue for 12 months. The Centre for Medicines Research estimates that if the rest of the world comes into line with the EC on just that one require*ment, the industry* will save $100m a year – and use 35,000 fewer laboratory animals.

Clive Cookson

Marketing: anxiety over EC draft directive

Ban sought on gifts to doctors

BOTH THE prescription and over-the-counter sides of the industry are concerned about a European Commission draft directive on drug marketing.

The over-the-counter (OTC) drugs industry reckons that it has been the pawn in a long-running fight by the European Parliament to gain more power – or part of a wider move among EC groups to restrict advertising throughout the Community.

A parliamentary committee made hundreds of amendments to the directive which the industry saw as an attempt to ban the advertising of non-prescription pharmaceuticals by the back door; committee members complained of trade body over-lobbying, as the industry and consumer groups tried hard to get changes; and last month the Commission refused to accept nearly all the amendments – though the industry still considers part of the directive illogical and is seeking changes.

Meanwhile, the commissioners have turned their fire on the relationship between doctors and drug companies' sales representatives – always a sensitive issue.

The directive, one of several on pharmaceutical trading in the EC, seeks to ban all "giving and receiving of gifts, pecuniary advantages and payments-in-kind" between sales representatives and doctors.

A survey by Justin Greenwood, senior lecturer in public administration at Teesside Polytechnic and past researcher into the impact of reps on GPs' prescribing behaviour, found that both doctors and reps were unhappy with this practice.

The pharmaceutical industry is self-regulating, through the Association of the British Pharmaceutical Industry's code of practice. The ABPI says that the code allows "gifts as promotional aids that are inexpensive and relevant to the practitioner".

But allegations have been made of inducements being offered to doctors to prescribe a company's drugs or to take part in drug *trials*. One of Mr Greenwood's surveys was conducted among 262 doctors in the Trent Health Authority area, the other among 162 drug reps throughout the UK. The replies suggested that doctors felt pressured into prescribing by reps who offered gifts, but that reps also felt pressured into offering doctors presents because some doctors threatened not to prescribe their company's drugs should they not provide such treatment.

The association's argument is that the proposed ban threatens to block sponsorship of conferences within the industry. Mr Ben Hayes, of the ABPI, says that *about* 70 per cent of conferences offered to doctors are paid for by companies. Professor Bill Inman, head of the Drug Safety Research Unit, at Southampton University, and a strong critic of doctor-rep "bribes", agrees that, with no other likely source of funds, such a loss of training would be detrimental to the profession.

Mr Greenwood's surveys suggest that dissatisfaction with the doctor-rep relationship goes further: doctors did not trust the information that reps gave them, while the reps themselves felt they lacked doctors' respect. Many of the criticisms could be put down to poor training of reps – only 29 per cent of whom had any medical training, according to the reps' answers.

Several doctors voiced their interest in some form of independent drug advice, and Mr Greenwood says: "I have advocated the use of state reps in a greater role." But since government policy is for self-regulation, he believes such a move is unlikely, and suggests that *instead one should work with* the industry to help it improve its practices "as best it can".

Other proposals in the directive, relating to advertisements, affect the OTC industry, which advertises direct to the public.

The Environment, Public Health and Consumer Protection *Committee spent about* 18 months working on the directive, finally putting down about 200 amendments – "something of a record," according to a working group member of the Council of Ministers – which would have required all broadcast and print advertisements to carry large amounts of detail. This was already required to be *on* the *label* or pack-leaflet under the label and leaflet directive, discussed by the same committee.

Dr Hubertus Cranz, head of the Association Européenne de Specialités Grand Public, the European non-prescription drug trade body, says that these amendments were "nonsense" and "made practical advertising *impossible*" – they went "against reasonable consumer communication". "Nobody is capable of catching all that information," he adds.

Some MEPs on the committee seem to have been keen to ban drug advertising throughout the EC – it is presently banned in Denmark and Belgium – and were over-zealous in hedging the directive around with these restrictions. Mr Ken Collins, chairman of the committee, says "the committee wanted a belt-and-braces job".

Ursula Schleicher, of the committee, points out that for the Parliament to discuss the issue as widely as possible, all the amendments have to be put through on the first reading – new amendments cannot be introduced after that. And she agrees that several parliamentary groups are seeking to ban advertising of certain products not advertised in their member *states*. The move to ban tobacco advertising, introduced last month, is an example, she says.

Sheila Kelly, of the Proprietary Association of Great *Britain, the UK trade body*, thinks that MEPs' frustration at the Parliament's lack of power leads them to try to put their stamp on directives by adding lots of detailed amendments. She points out that similar moves have been made on other directives. The Parliament's opinion can be ignored by the Commission and Council *of Ministers*.

This is essentially what happened last month. As Mr Collins had hinted was likely, the full Parliament threw out many of the amendments – and Martin Bangemann, vice-president of the European Commission, promptly announced that the only amendment that the Commission would accept was the compulsory reference to read the label and leaflet. This was in the original Commission proposal and is used by most EC countries.

One remaining wrinkle, as far as the industry is concerned, is the demand that advertisements must not mention the symptoms. Ms Kelly is confident that this will be overturned: "I think that was just a mistake. There is general recognition that it's just plain nuts."

Now the directive moves on *to the Council of Ministers'* working party, where further lobbyists will try to iron out the wrinkle. But one is left wondering what the point is of the committee spending a lot of time and effort, and getting the industry into a stew, to achieve very little. Perhaps the intergovernmental conference considering the EC structure *should take note*.

Elisabeth Tacey

Portrait of a marriage

RPR takes the global stage

NEXT WEEK Rhône-Poulenc Rorer will celebrate its first anniversary. And the company believes it has plenty to celebrate.

Before the merger of the human pharmaceuticals arm of French chemical giant Rhône-Poulenc with the medium-sized US drugs outfit Rorer, both companies' future in the increasingly competitive world of pharmaceuticals looked shaky.

Rhône-Poulenc, while strong in its home market and some EC markets, had virtually no position in the world's two largest markets, the US and Japan. Moreover, it has a product pipeline which it was not really in a position to truly cash in on.

On the other hand, Rorer lacked the market position and infrastructure in Europe to be able to compete. Even in the US it is a long way behind such giants as Merck Sharp & Dohme and Eli Lilly.

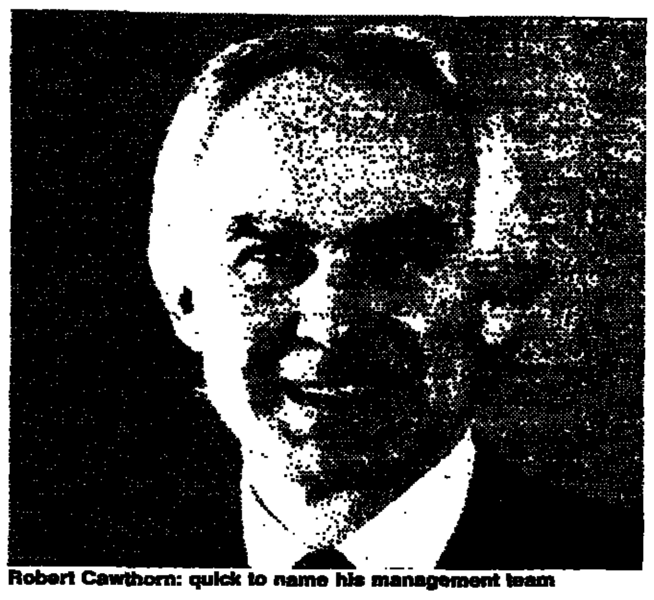
With Rhône-Poulenc acquiring 68 per cent of Rorer, a new freestanding pharmaceuticals company now exists which can truly claim to be a world player. Indeed, creation of RPR has produced a pharmaceuticals operation which can boast sales that top $3.6bn and an R&D budget of $440m. Moreover, it is ranked in the top three in Europe, and has vastly improved its presence in the US, the world's largest market.

"Together we gained expanded geographic coverage, critical mass in research and development and significantly enhanced worldwide sales and marketing capabilities," revealed RPR's English-born chairman, president and chief executive, Robert Cawthorn.

If a company's pockets are deep enough, buying so-called critical mass is easy enough; the tough part is to leverage that position effectively.

Part of the birthday celebration will be dedicated to the apparent painless way the two companies have become one, although this is very much down to the fact that the partners wasted no time setting the wheels of integration into motion.

Mr Cawthorn, who was heading up Rorer Group at the time, had named his management committee in March 1990 – just two months after the announcement by the two companies that they had agreed in principle to combine, and almost two months before Rorer got the green light from its shareholders to sell the 68 per cent stake to the French group.



Robert Cawthorn: quick to name his management team

"By July, management was in place up to four levels into the organisation," he added. The pace was so furious that, by the end of last year, the company was claiming that integration was complete in Europe, North America and the developing nations. Integration in Japan is just being completed.

Integration, however, is never a pain-free process. RPR's strategy involved organising worldwide industrial operations with corporate accountability. "Strategies to improve performance are conceived globally and implemented locally," said Mr Cawthorn. Manufacturing was rationalised by indentifying key sourcing facilities and investing in strategic sites to improve productivity and efficiency. Not surprisingly, this has included some divestments, although, RPR stresses, these were structured in such a way as to "ensure minimal disruption to the lives of employees at those sites".

Similarly, the task of organising the R&D function began at an early date. One key to the success of RPR's global strategy, it claims, is collaboration among R&D, strategic marketing, and business units. "This collaboration must begin early in the research process, peak prior to marketing and continue throughout the life of a product."

Early in 1990, three multi-disciplinary working units were formed to oversee all corporate global development strategies. One of these groups, made up of members from RPR Central Research and Corporate Development, prioritised the 70-plus projects in the pipeline.

"A key consideration in that process was balance: balancing high-risk with low-risk candidates; balancing short-, medium- and long-term projects; and balancing the cost and duration of clinical research and development programmes with market realities," said Mr Cawthorn.

Interestingly, the company has created what it describes as a transatlantic structure composed of three discovery centres, each specialising in specific therapeutic categories.

Researchers in France are focusing their efforts on medicines to treat disorders of the central nervous system, cancer, infectious diseases and Aids. The US and UK centres are concentrating on heart disease, allergies and bone metabolism. Although it appears that the research efforts have been compartmentalised into French- and English-speaking laboratories, RPR does claim it is looking for opportunities to move people across the Atlantic.

"Since promoting cultural diversity and blending management teams are key goals of the company, we have designed expatriation programmes to ensure that people who relocate adapt to their new environments quickly."

Whether RPR will emerge as a truly integrated French/American pharmaceuticals company remains to be seen. First impressions tend to favour the view that it will be perceived as an American drugs firm which happens to be owned by a French company.

RPR has retained the services of Mr Cawthorn, and the company's mission statement bears all the hallmarks of a US concern. The emphasis being placed on quality also has the US's fingerprints all over it. Also, before the merger, Rhône-Poulenc encouraged its English-speaking staff to learn French, though that impetus seems to have run out of steam.

Underpinning the view that the French influence may not be as great as it should be, Mr Cawthorn sees Rhô ne-Poulenc as an important shareholder, but RPR as a freestanding pharmaceuticals operation with its own mission statement.

The success or failure of the merger can be judged only by the impact on the bottom line. Although it is still early, Mr Cawthorn revealed that RPR had achieved its first goal, to break even in 1990, in spite of significant one-off costs. This year the income target is $328m, rising to $462m in 1992, $600m in 1993 and $742m in 1994.

Nevertheless, Mr Cawthorn does believe that cross-cultural exchanges and increasing workforce diversity will be important to the future of the company: "We want to build a global business culture in which people on all levels of the organisation, regardless of location, can exchange ideas and skills with other areas of the company, and apply those tools in new ways to operate more effectively."

Mike Ward

The distribution chain

Agenda set by wholesalers

TOUGH TIMES lie ahead for research-based pharmaceutical manufacturers in Europe. They are already under pressure from their pay masters – government and private health insurers – but new pressures are now coming from within the industry.

They are being challenged by their traditional partners, the wholesalers. This is most evident in Europe, with its ethical drug market of some $50bn, where governmental efforts to contain health costs are at their most proactive, and where, as a result, the players in the competitive game are being encouraged to rewrite the rule-book.

In the past, the distribution of ethical drugs has traditionally favoured manufacturers. Once manufacturers and national health authorities had completed their registration and price negotiations, the marketplace was well defined – the manufacturers produced, the health providers prescribed, and, in the middle, wholesalers managed the flow of drugs between the manufacturers and their ultimate outlets, mainly the pharmacies. None of the players – manufacturers, wholesalers, health providers, pharmacies – had sufficient market power to rock the boat.

The changes that have occurred in the US in recent years show just how far the situation has evolved. More than 35 per cent of the US ethical drug marketplace is now negotiated, and contracted directly between the health-provider and the manufacturer.

Health-providers – hospitals, clinics and medical practitioners – have formed extensive and often overlapping buying groups with sufficient power to achieve significant price concessions.

This practice is increasing, and the competitive impact of it is obvious. The share of the market being taken by directly negotiated contracts is increasing by some 2 per cent per annum, with no clear plateau in sight.

This trend is starting to be duplicated in Europe. But there is one significant difference – the competitive stances taken by the players may not be the same. In the US, the wholesalers are essentially "partners" to the industry. The true single-market nature of the US does not give wholesalers the opportunities to act as effective "arbitragers".

In Europe, where markets are still local, there are many opportunities for arbitraging that are likely to endure for some time after 1992. Wholesalers are therefore beginning to position themselves on a supernational level, which will enable them to take increased advantage of this situation, and to position themselves with manufacturers as potentially aggressive customers, rather than as partners. The signs are manifest:

■ In each of the major European markets, 50 per cent of ethical drug sales are managed by three or less wholesalers. The only exceptions are Italy and Spain, and even here the trend is clear.

■ Pan-European associations are being formed: Tredimed, linking AAH (UK), Gehe (Germany) and OCP (France); PAG, linking Unichem (UK), OPG (The Netherlands), Egwa-Wiweda (Germany) and Anzag (Germany); while other examples include ERPI, ORPhE and FPN.

■ Cross-border investments are increasing: OCP and CERP (France), Medicopharma (The Netherlands), Gehe and Schulze (Germany) have all been active, with the latter, for example, acquiring Chafer in France.

■ Wholesalers are investing in generic and OTC manufacturers – Schulze in Ratiopharm, and Gehe in Azuchemie.

■ Where allowed, wholesalers are investing in pharmacies or pharmacy franchises.

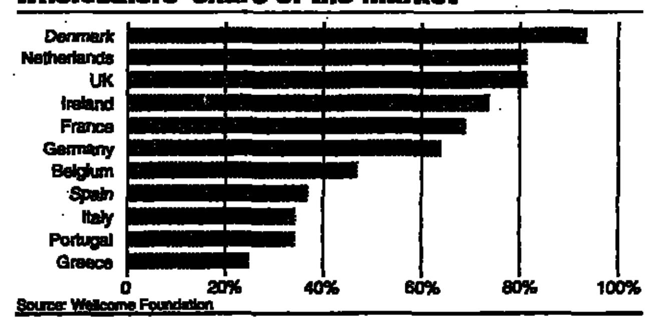
■ McKesson, the largest US wholesaler, whose $7bn drug sales exceed the total UK market, has acquired some 10 per cent of Medicopharma, and has declared publicly its intention of becoming a major European player.

With net margins currently standing at 1-2 per cent of sales in many of their major markets, it is not surprising that the wholesalers are looking for strategies that strengthen their position in the distribution chain.

If the Single Market leads eventually to a greater rationalisation of product presentations, and to a harmonisation/centralisation of drug registration, their current pan-Europeanisation actions will reinforce their hands in a number of strategic areas – purchasing power, cost efficiency, parallel importation, generics (including wholesalers' own brands), national and cross-border tendering for the increasing level of contract business.

With the largest manufacturer (MSD) having no more than a 4 per cent market share, the pharmaceutical industry is one of the most fragmented, and yet manufacturers have managed to sustain their market power. This is due to the protected nature of their products, and to the fact that they operate globally, while their customers, particularly in Europe, (wholesalers, pharmacies, health providers) operate locally.

Wholesalers' share of the market



Source: Wellcome Foundation

However, the drive for a Single Market, and the current plethora of governmental actions aimed at cost-containment, are combining to place greater competitive pressure on the manufacturers. The wholesaler-manufacturer "partnership" is undoubtedly one of the first props of today's market structure that governments will wish to put under increasing stress.

The potential consequences are recognised by both sides: wholesalers are making appropriate reassuring statements about their planned and actual consolidation activities; manufacturers are starting to reflect on the high degree of dependence they have on wholesalers for access to the market. Those few with strong local market positions, such as Glaxo in the UK and Rhone-Poulenc Rorer in France, have started to re-assess their relationships with their wholesalers.

Glaxo, for example, has started to transform its key wholesalers into contract distributors with what appears to be favourable financial consequences for both sides, though we have yet to see what could be the wider impacts – for example, in parallel imports.

For the majority of manufacturers, however, the game has still to be played, and the scope for acting in isolation of other players in the industry is limited. The unknowns are many:

□ How quickly will the Single Market become a reality and price transparency really start to bite?

□ When will parallel imports stop being an issue?

□ Is the single pharmacy law (in several EC countries) likely to be successfully challenged?

□ What stance will be taken by professional groups such as pharmacies and self-dispensing physicians?

□ Will hospitals and Regional Health Authorities ever compete with wholesalers?

□ Will a "European" (product) presentation ever be achieved?

□ Will twice-daily deliveries to pharmacies become a thing of the past?

□ What could be the evolution of alternative distribution networks, such as DHL and Federal Express?

□ What stance will the EC and/or local health insurers take on the issue

□ What stance will be taken by other manufacturers?

During the next few years we can expect significant changes in the distribution of pharmaceutical drugs within Europe. The wholesalers are taking a leading role in shaping the new order, and in challenging the traditional balance of power.

Their objectives may well turn out to be in the long-term interests of the manufacturers, but at present it is the wholesalers who are setting the agenda. It would be foolhardy of manufacturers not to develop their own game plans.

Richard Platford

Coopers & Lybrand, partner, Pharmaceutical Sector Consulting Services

Imagery: the public seems to like the industry, though it knows little about it

Life-savers preferred to chemists

DEPENDING ON who you talk to, the pharmaceutical industry is either the answer to all our problems or the sector which callously exploits human suffering for huge profits.

It's all a question of image. Yet the industry has been unable to do much to influence its public image, even though *it could hit sales and multiply* the regulations it has to comply with.

The gamut of opinion runs from the City investors *through to political critics.* Investors seem to love the industry, and have for some time relied on its high performance to bring in regular large *returns on investment. One of* their major worries, however, is the harm that stricter regulation, prompted by misread signals of public anxiety, can *do to profitability.*

Research by pollsters in the UK has shown that law-makers

After a campaign by the ABPI, among MPs, the percentage of favourable opinion rose from 46 to 59

have a much more jaundiced view than the voting public of the pharmaceutical industry – yet, ironically, the regulators believe they are responding to public opinion.

Indeed, when Mori polled members of parliament in 1986 *only 46 per cent had an attitude* described as very or mainly favourable towards the pharmaceutical industry. After a promotional campaign by the *Association of the British* Pharmaceutical Industry (ABPI), which targeted MPs, the percentage of favourable opinion rose to 59 per cent in 1990.

MPs have an excuse for misreading the public's view of the industry, because poll results show that public opinion does *not follow the useful patterns.* Generally, the more familiar the public is with an industrial sector the more likely it is to view it favourably. So the retail industry can be expected to score highly in both familiarity and favour.

In spite of scoring poorly in the familiarity stakes, the pharmaceutical industry does better than expected on "favourability". Indeed, the sector is only as well known as the nuclear and chemical industries, yet is much more highly regarded than either.

The most recent poll by Mori gives pharmaceutical firms a most-favourable rating of 47 per cent, compared with 20 per cent for the chemicals sector. Only 13 per cent of those polled said they viewed pharmaceuticals most unfavourably, while 33 per cent put chemicals in this category. Individual companies are now considering plans to conduct their own public-opinion surveys.

The life-saving reputation of pharmaceutical companies appears to play an important part in boosting the sector's image. When those polled were asked to describe the industry, many selected positive mes-

Mysterious but popular: polls have revealed unexpected attitudes towards the industry

sages, such as "life-saving", rather than some of the possible negative responses.

Yet, ironically, it is not for the life-saving qualities of their products that companies such as Glaxo receive fan mail, but for those medicines that have an impact on the quality of life. Glaxo had received letters of thanks from cancer patients *who have been given a drug* that stops the nausea associated with chemotherapy, a company spokesman said.

Sometimes, however, a drug *that treats a life-threatening* condition can give a company a public-relations headache. Soon after the launch of the Aids treatment, zidovudine, Wellcome encountered *hostile criticism. Aids pressure groups* criticised the company for the cost of the treatment.

As zidovudine received approval so quickly, the initial *hostility caught the company* on the hop; but eventually, by meeting the critics, Wellcome was able to put over its side of the story. "The problem was not that the drug is expensive, but that a lifetime treatment pushes up the cost. One capsule of zidovudine is no more expensive than many other drugs," a spokesman explained.

One of the problems facing European pharmaceuticals companies is that the level of promotional activity is restricted, and certainly much more stringent than in the US.

Promotion by UK companies, for example, is held in check by three sets of legislation: the 1966 Medicines Act and two voluntary industrial codes of practice. These stipulate what companies may and may not say in promotional material.

In the UK, most information about medicines is directed at the doctor rather than the patient. In the US, however, drug firms will sponsor advertisements that give the impression of being public-health information. Although the drug company's product will not be mentioned, the potential patient is urged to have his complaint seen to by a doctor. Normally a prominent company logo is present on the screen.

Inability to target consumers directly means that misunderstandings, such as that over zidovudine, can occur in the UK. Nevertheless, Wellcome feels it has now got its message over to the public. Indeed, educating the general public has had enormous benefits for the pharmaceuticals industry in a number of instances.

In Germany, the trade association BPI has been targeting the general public for some time, and is seeing an increase in positive responses to the sector. Similarly, Hoechst has been educating its neighbours about the new techniques of genetic modification. Hoechst has been trying to pursue plans for an insulin-production facility which uses genetically-modified organisms. The company originally asked for permission to proceed in 1984, but now the earliest the plant is likely to be ready will be 1993.

Being a good neighbour has helped ICI Pharmaceuticals to win support from Macclesfield council

"The task has been hard, because many people find it difficult to differentiate between science fiction and industrial reality," a spokesman added. But by pursuing dialogue with the plant's detractors, the company has managed to persuade its neighbours that the unit provides no extra dangers.

Being a good neighbour has helped ICI Pharmaceuticals to win support from Macclesfield borough council, which houses the company's production facility. ICI spends a great deal of time supporting local activities in the borough, spending some £75,000 on local issues.

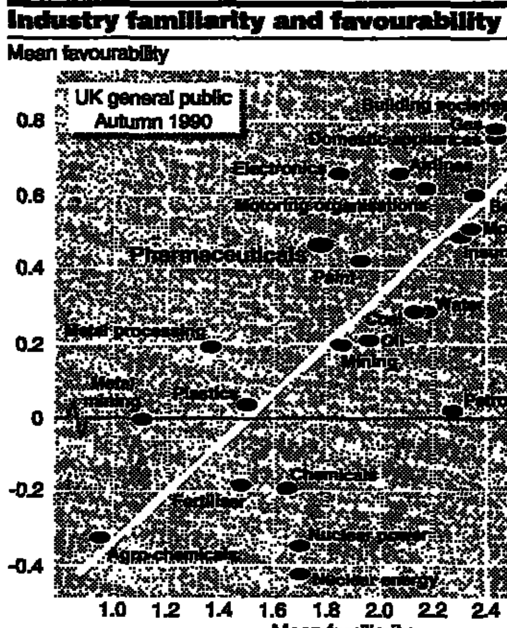
Much of ICI's opinion-influencing work is done through organisations such as ABPI and EFPIA, the European federation. *These organisations* spend more of their time lobbying politicians about industry issues than targeting the general public.

ICI Pharmaceuticals does not seem to have the same poor environmental image as other ICI divisions elsewhere in the UK. Indeed, it is ironic that, while the chemical industry is held in such low regard, the pharmaceuticals companies do not seem to be tarred by the same brush. Many pharmaceutical companies also have chemicals operations, although much smaller than Hoechst and ICI, but often seem happy *to keep quiet about it.*

Although there is no intention to hide the fact, it is certainly true that both the City and the public much prefer a pharmaceuticals company to a chemicals one – contradicting the notion that a rose would smell as sweet by any other name.

Mike Ward

Industry familiarity and favourability



Source: MORI

Manufacturing

Pruning old plants

THE CURRENT emphasis on manufacturing is a sure sign of the maturing of the pharmaceutical industry. Once dominated by R&D-driven growth and by aggressive marketing to deliver high margins, it is under pressure and poised for major change.

One important consequence is the demise of the old "one market, one factory" approach, which has paid handsome dividends for many years. Indeed, it is becoming all too clear to many companies that the gratitude from governments for local manufacturing investments, in the form of rapid product approval or the award of a favourable price, no longer offsets the penalties of an inefficient manufacturing operation.

These changes represent more than just a simple rationalisation of facilities; they underlie a fundamental shift in the management of the business, away from national market-dominated structures toward an integrated, pan-European approach cutting across all business functions.

For many of the larger companies, this process will undoubtedly be painful. Nevertheless, a growing number are already taking the bull by the horns: SmithKline Beecham, at its Limay plant; Rhône-Poulenc Rorer, with its closure of two German plants and further closures in the UK and Italy; Ciba Geigy, with its closure of three plants, at Milan, Barcelona and Lyon; and, most recently, the Wyeth/Whitehall restructuring of its European production base.

Each move can stimulate a political furore: witness the intervention of Valery Giscard d'Estaing, the former French president, in the debate about Merck Sharp & Dohme's operations in the Auvergne.

Economic factors provide compelling reasons for such a revolution in the industry. The European Commission has estimated that most pharmaceutical *plants operate* below two-thirds, and often below half, capacity.

Such manufacturing inefficiency represents some $450-750m of lost revenues across the industry in Europe. For a typical multinational company with 12 formulations plants in Europe, this amounts to some $10m of waste. Even higher savings could be achieved by adopting a systematic approach to restructuring manufacturing and formulation activities, and to streamlining distribution and packaging.

Ironically, such financial incentives are not the main driving-force behind the major rationalisations already under way. Political and environmental pressures are chiefly responsible – the stick being ever-more-potent than the carrot in the dismantling of national-oriented structures.

The drive to create a single European market has reduced national governments' incentives to promote local manufacturing, and has prompted stricter environmental legislation that significantly affects manufacturing practice. The "cost plus" pricing formula that has pervaded several markets is being eclipsed by the EC's price -ransparency directive, intended to smooth out the massive price differences for many products sold in different countries.

Environmental factors are the second key factor in these developments. As environmental standards become increasingly stringent across the board, so do the costs of compliance with these regulations.

Solvent recovery systems and air pollution control measures are virtually essential at many formulations plants. At plants manufacturing intermediates or bulk active ingredients, the environmental protection investment needs are even higher. Upgrading existing facilities can cost as much as 40 per cent of new manufacturing capital expenditure.

For operations involving the transport of intermediates or *semi-finished* materials between plants, environmental costs can be even higher: the European Inventory of Existing Commercial Chemical Substances regulations require the submission of toxicological data for approval to transport chemical intermediates, potentially costing in excess of $500,000 a year per molecule.

Identification of plants to be phased out poses considerable problems for top management; in extreme cases, management is paralysed by the threat of performing such an unpleasant task and by the uncertainty about which sites to target. Moves are easiest where a company has more than one facility in one market, as was the case in Hoffman La Roche's transfer of its Barcelona activities to its Madrid site.

While generalisations are difficult, it is likely that a multinational enterprise will eventually have three to five manufacturing plants in Europe, out of a total of up to 10 plants worldwide. And it is likely that each plant will be specialised in terms of chemistry and/or formulation type.

It may take five to 10 years to achieve this type of configuration, even given the current wave of rationalisation. Nevertheless, increasing pressures on a rapidly maturing industry will inevitably result in a tight squeeze on pharmaceuticals manufacturing over the next decade.

Anthony Walker and Michael Esposito

Members of the pharmaceuticals practice, of management consultants Arthur D.Little

FINANCIAL TIMES
COMPANIES & MARKETS

Tuesday July 23 1991

INSIDE

Corporate earnings forecast to rise

Earnings estimates for the leading economies predict a sharp rebound in corporate profits next year for all but Japan and Italy, according to consensus analysts' forecasts gathered by the IBES research service. Page 18

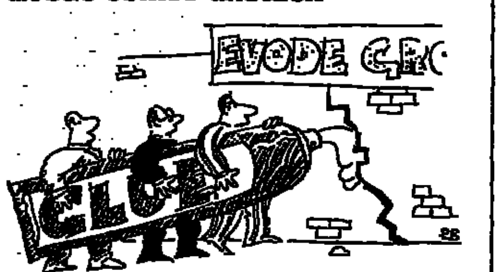
Bank takes stake in TV network

Westpac Bank of Australia has taken equity control of the Ten television network. Ten was placed in receivership last September, when its debts had grown to A$455m (US$325m). Page 20

Shakeup at American Express

American Express, the US travel and financial services group, yesterday moved to create a new top management structure that includes the naming of Harvey Golub, a vice chairman, as president of the company. Page 19

Evode comes unstuck



Sticky times at Evode, the UK adhesives, coatings and plastics concern headed by Andrew Simon. Pre-tax interim profits dropped 58 per cent as demand fell from the building, consumer goods and motor sectors. Profits fell to £3m in the six months to March 30. Page 25

Record for American Barrick

American Barrick Resources, the Canadian gold producer, posted record quarterly earnings and raised its estimate of 1991 output. The Toronto-based company, which last week called off merger talks with Newmont Mining, lifted second-quarter earnings to US$24.6m or 19 cents a share from US$14.4m or 11 cents. Page 19

Sears cuts costs

Sears Roebuck, the world's largest retailer, reported improved second-quarter income of $239.3m, partly due to cost-cutting in its core merchandise group. Page 19

SBC reports 25% rise

Swiss Bank Corporation, Switzerland's second largest bank, yesterday reported a 25 per cent improvement to SFr906m ($585m) in its first-half operating profit before write-offs, provisions and losses. Page 18

Elf profits up 7%

Elf Aquitaine, the French state-controlled oil company, has reported a 7 per cent advance in first-half earnings. The company said net profits rose to an estimated FFr5.2bn ($869m), compared with FFr4.86bn in the same period of 1990. Page 18

SIA seeks Qantas stake

Singapore Airlines (SIA) has declared to the Australian government its interest in acquiring a stake in Qantas Airways, the loss-making, state-owned carrier. Page 20

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Kali & Salz	174	+	3
Falls			
AEG	184.5	−	4.7
Degussa	342	−	8.1
Dtsche Babcock	164.5	−	4
Philips Kommun	508	−	12
Schmalbach Lub	501.2	−	8.8

NEW YORK ($)

Rises			
C&S Sovran	27	+	1⅛
Reebok	28¼	+	1¼
Falls			
Cetus	16½	−	1⅜
Chiron	57½	−	3¼
Liz Claiborne	40¾	−	7⅝
Travelers	18⅝	−	2¼

New York prices at 12.30pm.

PARIS (FFr)

Rises			
Skis Rossignol	678	+	27
UFB Locabail	279.8	+	13.5
Falls			
Accil Entrepr	1010	−	59
BIC	690	−	35
Geophysique	707	−	33
Radiotechn	460	−	14

TOKYO (Yen)

Rises			
Ahresty	2420	+	220
Falls			
Daido Signal	1220	−	110
Daito Wool	680	−	50
Kasumi	1210	−	90
Nagasakiya	1820	−	200
Nihon Nohyaku	1730	−	130

LONDON (Pence)

Rises			
Barratt Devs	72	+	4
Bimec Inds	60	+	4½
Central ITV	822	+	12
Christies Int	203	+	16
Evode	51	+	6
Greene King	443	+	12
Kingfisher	527	+	10
MITIE	150	+	5
Monarch Res	105	+	10
Rothmans Int	1063	+	28
Stocklake	360	+	28
TACE	288	+	28
Ultramar	267	+	9
Falls			
ADT	535	−	55
Eurocopy	78	−	7
Gresham Hse	38	−	10
Kwik Save	594	−	10
Nat Home Loans	69	−	19
Thames TV	228	−	15

Delta shrugs off rival Pan Am routes bid

By Nikki Tait in New York

DELTA Airlines, the third largest US carrier, said yesterday it was pushing ahead with its plan to purchase Pan Am's remaining European routes and its east coast shuttle operation, despite a rival offer from the heavily-indebted Trans World Airlines, in conjunction with American Airlines.

Delta suggested that a definitive proposal could be put to the bankruptcy court – under whose protection Pan Am has been operating since January – within "the next several days". The court would then hold a hearing on the matter.

Pan Am, which has already agreed the Delta deal in principle, confined itself to a terse statement confirming it had received TWA's offer. It said this would be studied along with all other proposals. American declined to comment.

Meanwhile, TWA announced it was calling off its ambitious offer to buy in debt securities at deeply-discounted levels, claiming this was because of "substantial progress" in negotiations to restructure its $1.2bn debts (excluding capital lease obligations).

Representatives of TWA's various creditor groups were meeting the company yesterday, but one adviser – heading for TWA's headquarters – stressed that the debt issue needed to be kept separate from any possible acquisition of Pan Am assets. "Bondholders will look at Pan Am, but the first order of business remains the debt restructuring," said Mr Wilbur Ross from Rothschild, representing two groups of senior noteholders.

Under the TWA/American offer, TWA proposes to buy the same Pan Am assets as Delta for $310m. However, $30m of this comprises ticket liabilities which TWA would assume, and only $280m refers to cash. Of the cash portion, TWA said that American would supply $250m. The assets would then be split between American and TWA so that the larger carrier receives the Pan Am shuttle, and the routes to Italy, Spain and Portugal. TWA would retain the London-Miami and London-Detroit routes; the Frankfurt hub and the east European authorities, and certain other assets and facilities.

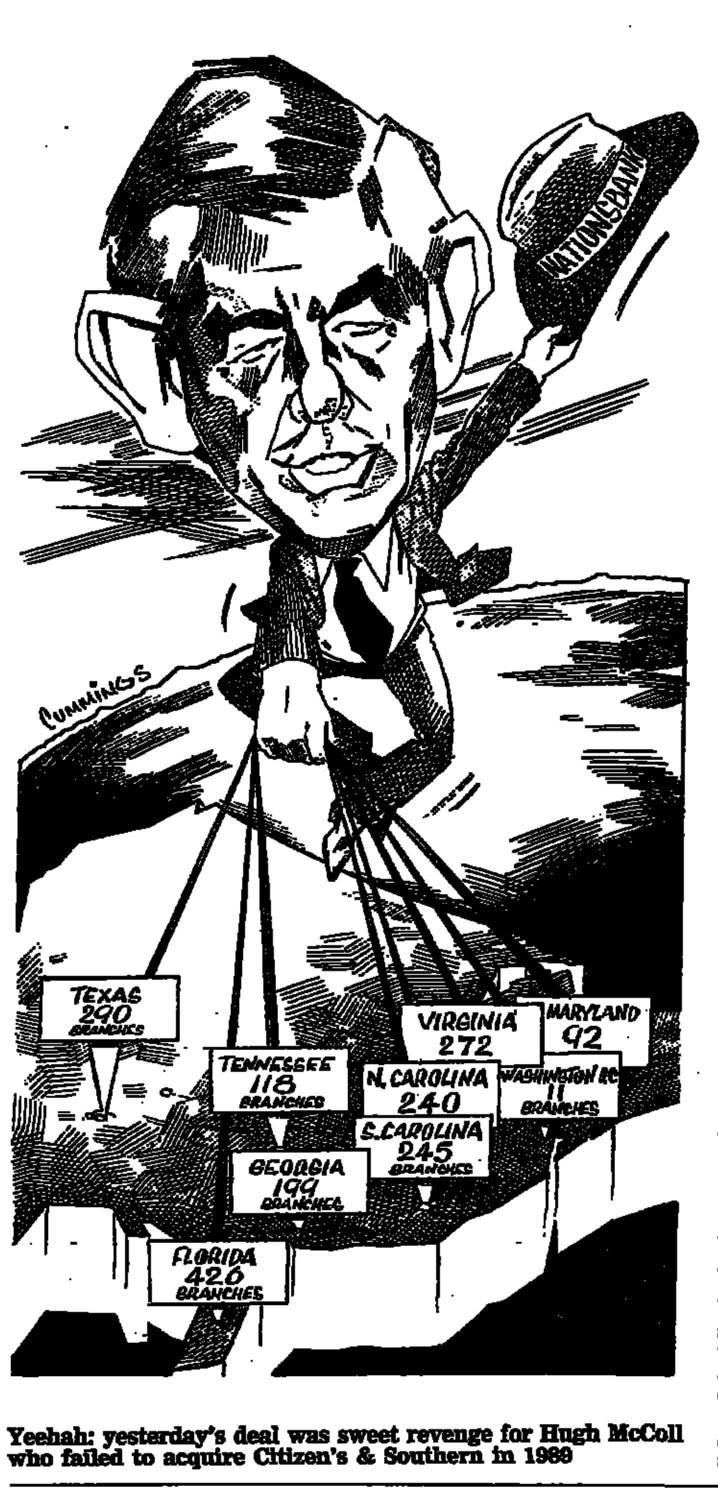
TWA said it would match Delta's offer of a $60m debtor-in-possession loan, and sponsor a "plan of reorganisation" for Pan Am's remaining business through a $140m equity infusion by itself "and/or other outside investors".

Delta claimed its own offer was still preferable. It has bid $260m cash for the European routes and the shuttle, but also offered to pick up certain ticket liabilities through to February 1992. The airline is also considering an equity investment in Pan Am's ongoing business, based on the Miami hub and Latin American routes.

Yesterday, the airline claimed its package offered more stability and said it would take on 6,000 Pan Am employees.

McColl rides into big league

Martin Dickson reports on the merger between NCNB and C&S/Sovran



Yeehah: yesterday's deal was sweet revenge for Hugh McColl who failed to acquire Citizen's & Southern in 1989

In the centre of the quiet North Carolina city of Charlotte, construction workers are almost finished building an imposing 60-storey skyscraper which local wits have dubbed the Taj McColl.

The building is the new headquarters of NCNB, one of the fastest growing banks in the US; and its nickname is a tribute to the ambitions of Mr Hugh McColl, NCNB's chairman. Yesterday he pulled off the biggest takeover deal in a career which has produced more than 100 of them, large and small.

NCNB, the seventh-largest bank in the US in terms of assets, is to merge with C&S/Sovran, the 12th biggest, in a $4bn deal which will make the combined institution the third-largest in the US. Only two New York money centre banks will be bigger: Citicorp and Chemical Banking, following the planned merger with Manhattan rival Manufacturers Hanover, which was announced last week.

Two big deals in just two weeks mark a powerful acceleration in the merger wave sweeping through the US industry, as it grapples with a revolutionary combination of forces. These include legislative changes which are moving the country from a fragmented, state-based banking system towards a national one and the sickliness of a sector struggling with a rising portfolio of bad loans.

However, the merger phenomenon is taking a wide variety of forms, the two extremes of which are encapsulated in the mega-deals of the past fortnight.

The Chemical/ Manufacturers Hanover merger is a defensive alliance between two weakened money centre banks – those based in leading money markets such as New York which have particularly large inter-bank and commercial lending operations.

The NCNB takeover of C&S/Sovran is an aggressive expansion by one of the most prominent of the US "super-regionals". These are fast-expanding banks based in non-traditional centres such as Charlotte, or Columbus, Ohio, which concentrate on retail and middle-market commercial lending to regional customers.

Most banking analysts believe that consolidation of the US industry will see some of the most aggressive super-regionals emerge as leading national institutions, eclipsing several of the traditional money-centre powerhouses along the way.

The C&S/Sovran deal, which is likely to be completed around the end of this year, will move NCNB a long way in this direction.

LEADING US BANKS

Bank	Assets ($bn)
Citicorp	217.3
Chemical Banking Corp (Incl Man Hanover)	135.4
NationsBank (C&S/Sovran/NCNB)	118.2
BankAmerica	112.8
Chase Manhattan	99.4
J. P. Morgan	96.9
Security Pacific	80.4

Research: Rhia Nachoon (figures as of June 30 1991)

NCNB, with more than $69bn in assets, has large operations in four southern states: North Carolina, South Carolina, Florida and Texas.

C&S Sovran, with some $49bn in assets, also has a significant presence in South Carolina and Florida. It will bring to the merged group a strong presence in four other important southern and eastern markets: Virginia, Georgia, Maryland and Tennessee. At $85bn, the institution will have the largest domestic deposit base of any US bank.

"What is being created is one of the strongest customer franchises in US banking, running all the way from the mid-Atlantic to the Florida Keys," says Mr James McDermott, an analyst at Keefe, Bruyette and Woods.

Furthermore, the bank's presence will be concentrated in the southern sunbelt region, which is expected to enjoy above average economic growth over the coming decade.

The consolidation of the two businesses is expected to save some $350m a year in costs. Analysts said yesterday that if this was achieved, the share-swap deal could mean little or no short-term dilution of earnings for NCNB investors.

However, the merger is not without potential pitfalls – financial, managerial and cultural.

Yesterday's agreement was sweet revenge for Mr McColl, a blunt-talking former Marine who took over as chairman of NCNB in 1983. He then embarked on an acquisition spree which climaxed in 1988 when he snapped up the troubled First RepublicBank, the largest bank in depressed Texas. It roughly doubled NCNB's size. More importantly, Mr McColl struck a deal with bank regulators and tax authorities which has since proved extremely lucrative to NCNB: the bank got the bulk of its profits last year from the Texas market.

In 1989, Mr McColl followed this with a hostile bid for the largest bank in Georgia, Citizens & Southern. However, it managed to see him off by merging with Virginia-based Sovran Financial – at a price lower than the NCNB offer – to create C&S/Sovran.

The celebrations at C&S proved short-lived, for the Virginia bank brought with it a troubled loan portfolio which has cast a long shadow over C&S/Sovran. This gave Mr McColl the chance to pounce a second time; and, on this occasion, he received a friendlier reception.

The financial difficulties of C&S are one potential problem facing the merged group. Earlier this month, the bank reported a $152.8m increase in second-quarter, non-performing assets to $1.26bn, or 3.84 per cent of total loans. It warned that property problems in the Washington DC area were likely to continue.

Nor has NCNB been immune from bad debt difficulties – including some embarrassing property problems in its North Carolina and Florida back yard. These contributed to an 18 per cent drop in 1990 net income to $365m. While Mr McColl moved rapidly to control the problem, NCNB's Wall Street reputation suffered.

Analysts also question whether NCNB has the depth of management to easily integrate C&S/Sovran, particularly since that institution has had little success in merging the components of its 1989 marriage.

Furthermore, the two institutions are culturally different: C&S is conservative and NCNB brashly aggressive.

These differences are nowhere better summed up than in the personalities of the banks' chairmen – who were born six years and 60 miles apart in South Carolina.

Mr Bennett Brown, 62, who will become chairman of the merged institution, is a quiet former bank examiner.

The 56-year-old Mr McColl, who will become chief executive, is an intense, intimidating man given to military terminology – he used to keep a hand grenade on his desk – and outrageous pronouncements. He once offended Georgians by saying he was not going to follow "every pig path in the state" to create a big bank there.

Mr McColl will clearly be calling the shots in the merged institution. If he can integrate the two banks successfully, helped by a reviving US economy, yesterday's deal may only prove a staging post on the way to an even larger national institution. Not for nothing will the merged business be called NationsBank.

Roche pays Cetus $300m for rights to disease detector

By William Dullforce in Geneva and Karen Zagor in New York

ROCHE, the Swiss pharmaceuticals and chemicals group, is paying $300m in cash to Cetus Corporation of California for the rights to the US company's polymerase chain reaction (PCR) technology. PCR technology promises to revolutionise the detection of infectious or genetically transmitted diseases, such as AIDs, cancer and tuberculosis.

Cetus, one of the oldest and largest US biotechnolgy companies, will also receive royalties of up to $30m if Roche's sales of PCR products exceed set levels. Roche said the acquisition confirmed its commitment to become a world leader in diagnostics. The agreement is still subject to approval by Cetus shareholders and by government authorities.

Once the sale of PCR technology is completed, Cetus will merge with another US biotechnology company, Chiron, in a stock swap deal which the companies value at about $660m, including the assumption of $145.5m of outstanding Cetus debt. The combined company will take the Chiron name.

The merger ends months of speculation which started in November, when Cetus said it was actively seeking "strategic partners".

Last year Roche paid slightly more than $2bn for 60 per cent of Genentech, the US biotechnology group and last month it bought Nicholas Laboratories, the European over-the-counter drugs business of Sara Lee Corporation, Chicago, for $821m.

With PCR technology, scientists can copy a single segment of DNA genetic material millions of times. They can take a specimen of one trillionth of a gram in size, copy its genetic sequence and generate within hours a test sample to confirm the presence or absence of the genetic fingerprint of a virus or cancer cell.

Roche will develop, manufacture and market PCR diagnostic kits and license certain PCR rights for research, industrial and environmental applications to Perkin-Elmer Corporation, Connecticut.

Roche has never been a big player in the diagnostics field. Its diagnostics division contributed SFr1.3bn ($840m) to total group sales of SFr9.7bn last year. Roche said the first company to put a ready-to-use PCR test kit on the market should have big commercial success.

Some analysts questioned the high price Roche has paid for the PCR technology, which at present has annual sales of less than $30m. However, Mr Viren Mehta, an analyst at Mehta & Isaly in New York, said PCR could be extremely valuable to Roche: "This is a new technology that could change the world in which we live. And Roche has the resources to develop it beyond Cetus's capabilities."

The Roche deal will provide capital for the merged Chiron company to take off. "Without the $300m, one could argue that the Chiron deal would not have been viable," said Mr Mehta.

Analysts expect the combined company to take merger-related charges of more than $100m, and the new Chiron is expected to report a loss for the calendar year 1992.

ICI conquers technical weakness

By Charles Leadbeater and Robert Peston

THE technical strength of Imperial Chemical Industries does not match that of many of its competitors in the world chemical industry but it manages its research more effectively, according to independent analysis.

The analysis by CHI Research, the leading US researcher into innovation, forms part of a Financial Times assessment of ICI's financial, managerial and innovative performance. ICI is fighting a war of nerves with Hanson, the acquisitive conglomerate which holds a 2.8 per cent stake in the chemicals group.

The struggle could reach a turning point on Thursday when ICI discloses its financial results for the six months to June 30. Analysts believe it made pre-tax profits of about £450m compared with £733m last year.

The analysis shows that ICI is ranked 18th in the world chemical industry according to the number of patents it had in the US between 1985 and 1989. ICI had 614 patents compared with German group Bayer, which had 1,888; Hoechst with 1,498; and BASF with 1,213. However, the analysis shows that ICI's patents are more fundamental to scientific advance than those of its main competitors, other than Dupont and 3M of the US and Fuji of Japan. CHI's measure of ICI's technical strength, a composite of the quality and quantity of its patents, averaged 4.71 for the second half of the 1980s. Bayer had more than three times as many patents as ICI but a technical strength of 9.7.

Changes at ICI, Page 18

Rebound forecast in global profits

By Peter Martin

EARNINGS estimates for the leading economies predict a sharp rebound in corporate profits next year for all but Japan and Italy, according to consensus analysts' forecasts gathered by a US brokerage house.

The data, gathered by the IBES research service of Jones Lynch & Ryan, is based on thousands of individual company earnings forecasts from analysts around the world. They show that earnings per share growth of large companies is forecast to rise from 2.8 per cent this year to 21.9 per cent next year in the UK; from 0.9 per cent to 25 per cent in the US; from 0.2 per cent to 7.9 per cent in Germany; from 2.9 per cent to 14.5 per cent in France; and from 2.1 per cent to 37.8 per cent in Canada. Earnings growth will be much more sluggish in Japan, rising from 1.4 per cent on these estimates to 3.0 per cent.

In Italy, earnings growth will slow, from 13.5 per cent in 1991 to 7.9 per cent in 1992.

The figures suggest the FT-SE 100 index is selling on a 1991 price earnings ratio of 13.1 and a 1992 p/e ratio of just under 10.7. The S&P 500 has p/e ratios of 15.7 and 12.6; those for the German DAX index are 13.6 and 12.6; and Japan, where p/e ratios are traditionally high, has ratios of 36.4 for 1991 and 35.3 for 1992.

The estimates are based on shares in leading stock market indices, as at the end of June. The FT will carry the IBES estimates in this form every quarter.

CONSENSUS EARNINGS ESTIMATES

	Eps growth 1991 (%)	Eps growth 1992 (%)	P/e ratio 1991	P/e ratio 1992
Canada – TSE	2.1	37.8	16.3	11.8
France – CAC 40	2.9	14.5	11.5	10.1
Germany – DAX	0.2	7.9	13.6	12.6
Italy – BCI	13.5	7.9	16.2	11.4
Japan – Nikkei	1.4	3.0	36.4	35.3
UK – FT-SE	2.8	21.9	13.1	10.7
US – S&P 500	0.9	25.0	15.7	12.6

Source: IBES as at June 30 1991 (local currencies)

GEC-Alsthom posts flat earnings for year

By George Graham in Paris

GEC-ALSTHOM, the transport and power engineering company jointly owned by France's Alcatel Alsthom and General Electric of the UK, has posted flat earnings for the year to March 31. It was the second full-year reporting period since the formation of the company.

GEC-Alsthom said net profits for the year totalled Ecu247m ($216.6m), compared with Ecu240m in the previous year. Pre-tax operating earnings advanced 16 per cent to Ecu402m ($352.6m), including Ecu141m of financial income, a 10 per cent increase on the previous year.

The group, whose businesses include the former power systems division of GEC and the TGV high-speed train business of Alsthom, said turnover in the 1990-91 year was Ecu6.95bn, while new orders amounted to Ecu8.4bn.

By March 31, the company's outstanding order book showed an increase of around 13 per cent to Ecu13.3bn.

● Sanofi, Elf's pharmaceuticals and cosmetics subsidiary, announced that its first half sales had remained flat at FFr9.55bn ($1.6bn), with an advance in health care products and in gelatines and additives offsetting an 11 per cent decline in perfumes and beauty products.

The company said overall sales of health care products had risen 3 per cent to FFr5.15bn, but this was largely because of an 11 per cent rise in Europe outside its domestic French market.

Sales to the Middle East and North Africa dropped by 31 per cent.

In the perfumes and cosmetics sector, sales dropped 18 per cent in the first quarter but recovered to close to last year's levels in the second quarter. Sanofi said its Oscar de la Renta and Van Cleef & Arpels lines recorded higher sales growth.

Bankers agree Brent Walker refinancing deal

THE financial restructuring of Brent Walker inched forward yesterday as all 47 banks in the main banking syndicate agreed in principle to the UK leisure group's refinancing, writes Maggie Urry in London.

However, some banks are still objecting to a requirement to put new money into the group, whose debts exceed £1.3bn ($2.17bn). A loan of a further £70m of fresh capital is part of the plan, and £20m has already been lent. Fewer than five banks have still not contributed fresh money.

Once that issue is settled, the group must address other conditions which the banks are seeking to impose. Mr Ken Scobie, the new chief executive of Brent Walker, said last week that none of these conditions was insurmountable.

ZF to build plant in east Germany

By Leslie Colitt in Brandenburg

A LEADING west German vehicles components manufacturer, Zahnradfabrik Friedrichshafen (ZF), plans to build one of Europe's most modern gearbox factories in east Germany.

Mr Klaus Peter Bleyer, chairman of the board of ZF, said the company would build the new plant at Brandenburg, near Berlin, next to the east German components-maker Zahnradfabrik Brandenburg, which ZF recently bought from the Treuhand privatisation agency.

ZF will transfer production of gearboxes for light trucks from its factories in Friedrichshafen and Schwäbisch-Gmünd in southern Germany, to Brandenburg, although without any job losses, he said.

Mr Bleyer said ZF would invest DM50m ($29.4m) in the east German plant over the next five years and had committed itself to retain 600 people out of the original workforce of 3,000.

The sale of the gearbox company to ZF was a major boost for the city of Brandenburg which is burdened with a large, inefficient steel plant which is threatened with closure.

The east German gearbox company had 3,000 employees in January last year when it was still part of the IFA truck Kombinat in Ludwigsfelde. Nearly 1,300 people lost their jobs in the company by last October and several hundred workers will take early retirement, while jobs for 250 will be found with other companies. Daimler-Benz is building a large truck factory at Ludwigsfelde outside Berlin.

Mr Bleyer said added capacity was not needed at a time of depressed demand worldwide for cars and trucks. Instead, the aim was to modernise production facilities and this could be best achieved in the east.

He said ZF Brandenburg could also supply spare gearboxes for east Germany's IFA trucks, which in the past were exported to eastern Europe as well as to several armies in Africa.

Sales of DM30m by the east German company were expected this year, rising to between DM70m and DM80m next year. A first batch of gearboxes has just been sent to Italy from the Brandenburg factory.

ZF exported nearly four-fifths of its own production which was worth DM6.2bn last year.

Elf posts 7% rise in first-half earnings

By George Graham in Paris

ELF AQUITAINE, the French state-controlled oil company, has reported a 7 per cent advance in first-half earnings. The company said net profits rose to an estimated FFr5.2bn ($881m), compared with FFr4.86bn in the same period of 1990.

Elf officials said the results were very satisfactory and demonstrated the complementarity of the group's different divisions. They said the difficulties of the petrochemicals division had not damaged Elf's other chemicals activities, particularly its downstream plastics and speciality chemicals businesses.

Operating income remained flat at FFr9.9bn, while net income before non-recurring items advanced slightly to FFr4.3bn.

Elf said the six-month period had included a capital gain on the sale of Esys, its town heating business, to the Générale des Eaux water and services group. The same period of 1990 had also included FFr800m of capital gains.

Crude oil prices were stable for most of the period, averaging $19.76 per barrel, Elf said, but the strengthening of the US dollar from an average of FFr5.13 in January to an average of FFr6.05 in June had benefited the French group.

Quantities of oil sold fell slightly in comparison with the same period of 1990 due to delayed liftings in the Gulf of Guinea and a decrease in production from the Alwyn field in the North Sea caused by maintenance work.

Refining and retailing operations experienced strong margins, Elf said, especially in the first quarter.

The Elf group continued to expand rapidly in the first half, with the $1.35bn acquisition, in partnership with Enterprise Oil, of the North Sea assets of Occidental Petroleum, as well as the NKr1.9bn ($279m)takeover of Norwegian independent Noco. It has also invested heavily in its refining operations, particularly to develop its capacity for lead-free petrol.

Baron Bich: family holds 46 per cent of the capital

Bic breaks off talks with unidentified conglomerate

By William Dawkins in Paris

BIC, the world's leading producer of ballpoint pens, disposable razors and lighters, yesterday announced that talks with a prospective partner had broken off, just eight weeks after they started.

The French group, controlled by its two founding families, was approached at the end of May by an unidentified conglomerate keen to buy a minority stake. Stock market speculation has suggested Sara Lee, the US consumer products group, and Gillette, Bic's main competitor in the US shaver market, among the possible candidates. But Bic has declined to name its suitor.

Bic's share price opened at FFr681, 5.4 per cent below the previous day's close, but ended the day at FFr690.

The market had speculated that a partnership might clarify how Baron Bich, the group's 76-year-old chairman, was planning to hand on management responsibility.

A Bic spokesman would not explain why the talks broke down, but confirmed the conglomerate had been negotiating to buy a 10 per cent stake, held by Bic subsidiaries. Bic has been unable to use the voting rights on these shares since the beginning of this month, under a recently introduced French law against so-called *autocontrole*.

Of the rest of the capital, 46 per cent is held by the Baron Bich family, 13 per cent by the family of Mr Edouard Buffard, with remaining 31 per cent in public hands.

Bank buys Swedish Match stake

By Haig Simonian in Milan

MONFORTE, a little-known Italian merchant bank jointly controlled by Mr Camillo De Benedetti's Paleocapa holding company and the Ferruzzi group, has bought 10 per cent of Swedish Match, the international match group.

A price for the deal has not been disclosed, but the value of the stake is estimated at L25bn ($18.8m).

The shares are part of equity held by a group of banks – including Citibank and Paribas – which were involved in a management buy-out at Swedish Match last year.

Swedish Match is the world's largest producer of matches, operating in around 40 countries, with sales of about $500m last year.

The company, which was established at the beginning of this century, is believed to have around 30 per cent of the world market for matches and 15 per cent of the market for cigarette lighters.

Buoyant SBC reports 25% rise

By William Dullforce in Geneva

SWISS BANK Corporation, Switzerland's second largest bank, yesterday reported a 25 per cent improvement to SFr906m ($585m) in its first-half operating profit before write-offs, provisions and losses.

Provided the stock market situation remained favourable, and the dollar stayed firm, the consolidated and parent bank cash flows for 1991 as a whole should be well ahead of last year's figures, SBC said.

Group cash flow fell 18 per cent to SFr1.63bn in 1990 while the parent bank's cash flow was 0.9 per cent down at SFr1.43bn.

In spite of its confident forecast of higher earnings this year, SBC warned that with most industrialised countries experiencing weak growth and with an economic downturn in Switzerland the need for write-downs and provisions was likely to rise.

Trading income and net interest earnings were the main contributors to the strong first-half growth in the bank's operating profit. Net interest earnings at SFr829m were 7.5 per cent ahead compared with the first six months of 1990 while income from commissions improved 6.4 per cent to SFr752m.

Portfolio management, custodian and syndication fees had recorded particularly strong growth, SBC said. But brokerage receipts failed to match last year's level. Currency and securities trading and fiduciary business generated substantially higher revenues.

An 8.6 per cent rise in operating costs during the first half is attributed to heavier tax charges and an inflation-prompted rise in personnel costs.

SBC's assets contracted during the second quarter to SFr171.7bn to give a first-half net increase of 3.1 per cent over the end-1990 level. Interbank lending was scaled back by almost 20 per cent, credit business lost momentum, while lending to customers rose 0.4 per cent to SFr104.5bn.

On the liabilities side interbank deposits were also reduced sharply by 11 per cent, while non-bank deposits showed little overall change.

INTERNATIONAL COMPANIES AND FINANCE

Board shake-up at American Express

By Alan Friedman in New York

AMERICAN EXPRESS, the US travel and financial services group that has been facing dropping profits, yesterday moved to create a new top management structure by naming Mr Harvey Golub, a vice-chairman, as president of the company.

The appointment was made by Mr James Robinson, who has been criticised by some Wall Street investors for never having named a successor to Mr Lou Gerstner, the company's president who left American Express in the spring of 1989 to head RJR Nabisco.

Mr Robinson, who remains chairman and chief executive, is also setting up an office of the chairman, a new entity to which the heads of principal subsidiaries will report.

The executives reporting to the new office include the heads of the Travel Related Services (TRS) card and travellers cheque business, the IDS financial services unit, the information services division, Shearson Lehman Hutton and the American Express bank subsidiary.

Mr Robinson said the naming of Mr Golub "means there are now four eyes and four hands on the job". He said the appointment does not, however, mean the chiefs of subsidiary companies will report to Mr Golub instead of himself.

"We are not splitting up line responsibility. Everybody will report to both of us and I, as chief executive, will have the final decision."

The 51-year-old Mr Golub made a name for himself by running American Express's successful IDS Financial Services subsidiary in Minneapolis. He will remain chairman of IDS.

Mr Michael Blumstein, an analyst at Morgan Stanley, said there had been "some dissatisfaction in the investment community that a company the size of American Express does not have a Number Two executive". Other analysts have suggested Mr Robinson, whose philosophy has been to decentralise executive authority, has never really wanted a strong right hand.

Mr Robinson acknowledged there had been criticism from investors, particularly in the year after Mr Gerstner resigned in 1989. But he said the company has gone through "an evolutionary process and we are now formalising a structure that has been in place for some time."

Mr Golub has, in effect, been working as Mr Robinson's chief trouble-shooter since last year, when he helped to reorganise the troubled Shearson Lehman Hutton securities house. He has recently spent half of his time working with Mr Robinson in New York.

Among the most important challenges facing the new top manager will be the increasingly competitive pressure facing American Express in the charge card market.

In the first quarter of this year, the charge card and travellers cheque unit suffered its first drop in quarterly earnings in nearly a decade. The second quarter results, although not as poor as the first, also show a decline.

Cost-cutting pays off at Sears, Roebuck

By Barbara Durr in Chicago

COST-CUTTING in its core merchandise group has begun to produce improved results at Sears, Roebuck, the world's largest retailer. It reported second-quarter income of $239.3m, or 70 cents a share, after a deferred tax charge.

Without the charge, income was $303.4m, or 88 cents, up 27.5 per cent on the same period last year, when income was $237.9m, or 69 cents.

The deferred tax charge of $64.1m arises from accounting restrictions on recognising tax assets of the company's Allstate Insurance group. New rules expected to take effect in 1992 would allow the group to recover the previous charges.

Consolidated quarterly revenues were $14.09bn, up 1.7 per cent from $13.85 last year.

In the merchandise group, second-quarter income increased to $156.9m, from $110m last year, though revenues declined to $7.69bn from $7.88bn.

The recession continued to affect sales, particularly of durable goods, which account for about two-thirds of Sears, Roebuck's domestic retail revennes.

The profit improvement *came largely through cost* reductions, including less advertising and lower distribution and selling expenses, achieved largely by cutting the workforce. The merchandise group's selling and administrative costs declined to $2.13bn from $2.31bn.

The company's Dean Witter Financial Services group contributed second-quarter net income of $90m, compared with $58.2m last year. Allstate Insurance's income, before the deferred tax charge, was $139.8m, down from $142.2m. The Coldwell Banker Real Estate Group reported a loss of $3.1m for the quarter, against an income of $7.3m last year.

For the first half of 1991, Sears, Roebuck's consolidated net income, after the deferred tax charges, was $442m, or $1.29 a share, compared with $344.2m, or $1.00, last year. Excluding the charges, net income during the first half was $544.6m, or $1.58 a share.

Record quarterly returns at American Barrick

By Bernard Simon in Toronto

AMERICAN Barrick Resources, the Canadian gold producer, has posted record quarterly earnings and significantly raised its estimate of 1991 output.

The Toronto-based company, which last week called off merger talks with Newmont Mining of the US, lifted second-quarter earnings to US$24.6m, or 19 cents a share, from US$14.4m, or 11 cents. Revenues jumped by 47 per cent to $90.2m.

Thanks to the strong performance of its flagship Goldstrike mine in northern Nevada, Barrick now expects to produce over 700,000 oz of gold this year, up from its earlier estimate of 625,000 oz. Production totalled 596,000 oz in 1990.

Goldstrike's second-quarter output was 135,600 oz, compared with 110,200 oz in the previous three months. The mine now contributes two-thirds of Barrick's total production from six mines in the US and Canada.

Besides rising production from Goldstrike, Barrick has benefited from its active hedging programme and from lower operating costs. It realised an average price of US$436 per oz in the second quarter, far above prevailing market prices. Barrick has hedged its entire output up to 1993, and three-quarters of 1994's production.

Operating costs dipped to $197 an ounce from $218 an ounce a year earlier. Cash costs, which include the cost of removing overburden at Goldstrike, fell to $277 from $334 an ounce.

Besides economies of scale, Mr Bob Smith, Barrick's president, ascribed the improvement to unexpectedly high grades and improved efficiencies at the mine.

Barrick has declined to discuss reasons for the termination of the merger talks with Newmont. Mr Smith said he is still confident of eventually reaching a co-operation agreement with Newmont on development of the Deep Post deposit on the Carlin Trend, where the Goldstrike property is located.

With exploitation of the Post orebody still some time away, Mr Smith said that both companies feel the benefits of co-operation can be realised by a more limited agreement "down the line" rather than an immediate merger.

Liz Claiborne disappoints Wall Street

By Karen Zagor in New York

LIZ CLAIBORNE, the US apparel company, yesterday disappointed Wall Street by turning in weaker-than-expected second-quarter earnings and warning that gains in the second half would not be as strong as those posted in the first half of the year.

Although Liz Claiborne's results are exceptionally strong at a time when the rest of the industry is suffering from the retailing slump, the company's shares tumbled $7 to $41⅜ in active trading after a delayed start yesterday morning.

Net income for the quarter rose 13 per cent to $39.5m, or 46 cents a share, from $34.9m, or 40 cents, a year earlier. Sales jumped 22 cent to $416m from $340.3m.

Mr Samuel Miller, senior vice-president finance, said: "In view of the continuing difficult and unsettled retail environment, the company is most gratified to have achieved record sales and earnings. While we expect that sales and earnings for the remainder of 1991 will exceed our exceptionally strong showing during the last half of 1990, management currently believes that in percentage terms, these second-half increases will not be as large as those experienced in the first half of 1991."

Mr Miller said that there was still no sign of the long-awaited pick-up in US retailing in the second half. "May was a good month in the US, but June and July were not good in retailing."

According to some analysts, there is also concern that US retailers are trying to shift the risk of inventories back to the manufacturers.

For the first half, Liz Claiborne's net income grew 15 per cent to $100.5m, or $1.18 a share, from $87.5m, or $1, a year earlier. Sales grew 21 per cent to $918.2m from $761.1m.

US QUARTERLIES . . . US QUARTERLIES . . . US QUARTERLIES

ASHLAND OIL said its fiscal 1991 results were not likely to match last year's $182.1m, or $3.27 a share, because of the impact of the Gulf war and the recession. However, the petroleum refiner said it could still have a respectable year.

The group earned $66.7m, or $1.19 a share, in the third quarter to June 30, down from the year-ago's $100m, or $1.79 a share. Revenues for the period rose to $2.31bn from $2.24bn.

Ashland said its petroleum and chemical segments led third quarter earnings with $79.5m and $26.6m, respectively.

CUMMINS ENGINE, one of the world's leading diesel enginemakers, incurred a second-quarter loss of $17.2m, equal to $1.29 a share. This compared with net income of $6.1m, or 15 cents last year. Sales for the period were $877.6m, against $871.3m.

For the first half, Cummins posted a loss of $51.5m, or $3.73 a share, before the cumulative effect of accounting changes Sales were $1.69bn. The first half of 1990 saw net earnings at $15m, or 56 cents a share, on sales of $1.73bn.

GENERAL SIGNAL, the US conglomerate, posted second-quarter net income of $15.2m, or 79 cents a share, against a loss of $21.9m, or $1.14, for the corresponding period a year ago. Sales were $410.9m, compared with $439.9m.

For the half-year to June, net income was $29.4m, or $1.53 a share, against a loss last year of $1.6m, or 8 cents. Sales for the period fell to $808.4m from $865.9m.

MARSH & MCLENNAN, the insurance broker, yesterday reported second-quarter net earnings of $80.7m, against $80.8m a year ago. Per-share net income remained unchanged at $1.10. Revenues were $690.2m, compared with $677.3m.

For the first six months of 1991, net earnings were $177.3m, or $2.41, against $175m, or $2.39 a share, a year ago, while revenues were up 4 per cent at $1.43bn from $1.37bn for last year.

REEBOK, the sports shoe manufacturer, announced second-quarter earnings of $60.4m, or 64 cents a share, on sales of $688.3m. This compares with earnings of $43.4m, or 38 cents, on sales of $527.2m for the same period a year ago.

First-half net earnings were $118.8m, or $1.13 a share, on sales of $1.38bn, against earnings of $96.1m, or $0.84, with sales at $1.08bn.

SAFECO, the Seattle-based multi-line insurer, reported net income of $51.2m, or 82 cents a share, for the second quarter, against $76m, or $1.20, last year. Revenues were $859.6m, up from $791.8m last time.

In the first half, net income was $106.5m, or $1.70 a share, compared with $132.3, or $2.09, on revenues of $1.68bn, against $1.57bn.

Compiled by Rivka Nachoma

Share dealings suggest takeover threat for MUI

By Lim Siong Hoon in Kuala Lumpur

MALAYAN United Industries, the Malaysian conglomerate threatened by a takeover, may be facing several hostile bidders who have accumulated a combined shareholding of more than a 13 per cent, *according to details issued to* the Kuala Lumpur Stock Exchange.

Berjaya, the property, lottery and construction materials group belonging to the Inter-Pacific conglomerate of Mr Vincent Tan, has added 5.1 per cent to its 2.1 per cent shareholding. On top of the M$87.9m (US$31.6m) purchase, Berjaya also said it has an option, expiring in three months, to pick up a further 2.9 per cent to give it a total of 10 per cent in MUI.

Another mysterious buyer to have emerged is Sanorex, virtually an unknown company until it bought a 3.5 per cent shareholding from IGB Corporation, a property group hostile to MUI. Sanorex is paying M$61.5m for the 22.7m shares.

The purchases by Mr Tan and Sanorex as well as Berjaya's call option would transfer 13.5 per cent in MUI to bidders out of the reach of Mr Khoo Kay Peng, MUI's chairman and chief executive. Last month, IGB offered to sell for M$228m its 13 per cent to Mr Khoo. He rejected the offer and said that MUI "will not succumb to any threat from any quarters".

MUI is currently valued at about M$1.7bn.

● Antah, the Malaysian investment group, has agreed to sell another 10 per cent of its stake in Arab-Malaysian Merchant Bank, the country's largest merchant bank.

The M$115.5m deal with Temerloh Rubber Estates will strengthen control of the bank by Mr Azman Hashim, a prominent banker who has the largest shareholdings in both Temerloh and Arab-Malaysian.

Mr Azman plans to transfer 40 per cent of the bank and other stakes in three more companies to Temerloh, by restructuring the latter through a series of share exchange, loan stock and cash transactions worth M$693m.

Antah's sale, which gives it a M$68.5m net gain, followed its 3.4 per cent divestment of the bank last month for M$42m. The group has said it will also sell the 3.4 per cent balance it still has in the bank.

NWA closer to control of Trump Shuttle

By Nikki Tait in New York

NORTHWEST Airlines, the fourth largest carrier in the US, yesterday moved closer to operational control of the Trump Shuttle, when it signed *an agreement in principle* with the airline and its bank lenders.

The agreement outlines the general structure under which NWA will manage the east coast shuttle, which flies between Washington DC, New York and Boston.

Trump Organisation, the New York-based gaming and property company run by Mr Donald Trump, acquired the shuttle from Frank Lorenzo's Eastern Air Lines, with the help of $380m of loans arranged by Citibank – $135m being a personal line of credit to Mr Trump plus a $245m facility.

As part of the restructuring of Mr Trump's personal debts and guarantees earlier this year, it was envisaged that the Shuttle stock would be transferred to "an entity designated by the bank", and that NWA would enter an agreement for at least five years to run the operation.

INTERNATIONAL COMPANIES AND FINANCE

Westpac acquires equity control of Ten Network

By Mark Westfield in Sydney

WESTPAC Bank of Australia has ended months of speculation by taking equity control of the Ten television network.

Ten was placed in receivership last September, when its debts had grown to A$455m (US$325m). Broadcom Australia, manager of Ten and owner of about 19 per cent of its shares, was accumulating further losses at a rate of A$2m a week.

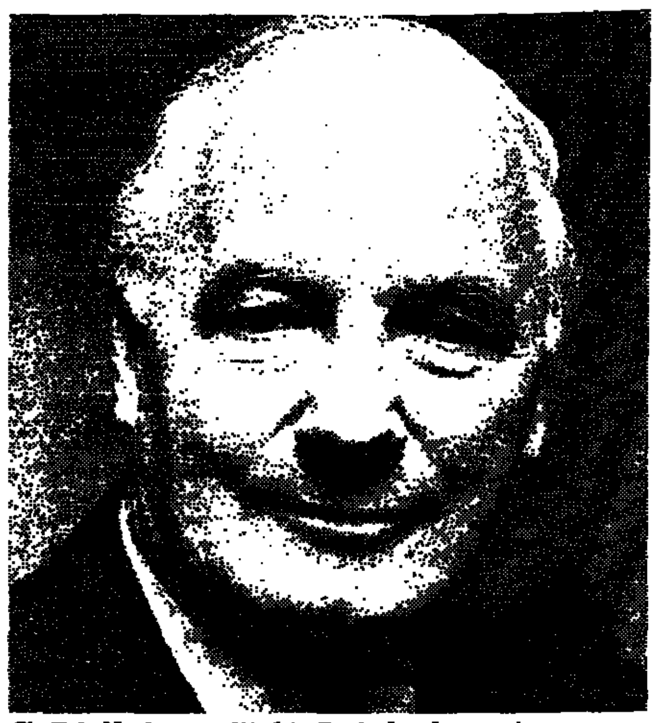
Announcing Westpac's purchase yesterday, Sir Eric Neal, chairman, said the bank "has committed itself to owning and developing the Ten Network. Ten is off the market".

The network's receiver, Mr James Millar, of Ernst & Young, had earlier called for expressions of interest but had received only one potential bid, from the Grundy Organisation, the TV production house, which then failed to make a firm offer.

Yesterday's purchase of Ten for an implied value of A$240m will force loan write-offs of about $280m on the $520m in principal and interest which has been accrued by Ten.

A Westpac subsidiary, Television Australia, has issued $340m in 10-year loan notes, of which Westpac will take up 65 per cent for $156m. The Commonwealth Bank will take up the remaining 35 per cent. Ten's third bank lender, Citibank, will be bought out of its estimated $55m exposure at a rate of about 40 cents in the dollar by the other banks.

The 10-year loan notes will attract interest of only 5 per cent. Ten is expected to earn about $12m before interest and tax this financial year, which would be just enough to service the interest on the notes.



Sir Eric Neal: committed to Ten's development

Mr Frank Conroy, Westpac managing director-elect, said yesterday the 5 per cent represented a "reasonable rate of interest which can be met from cash flows".

The transaction is subject to approval by the Australian Broadcasting Tribunal.

Westpac recently converted a NZ$40m loan to New Zealand's commercial TV network, TV3, to 40 per cent equity.

Bankers to Australia's second television network, the Seven Network, recently voted to employ a complex holding structure in which network executives would own 70 per cent equity for a nominal outlay of A$10,000, while banks owed A$725m would own the remaining 30 per cent.

The Seven Network went into receivership in November 1989, with the collapse of its parent, Qintex Australia, once controlled by businessman Mr Christopher Skase.

The leading commercial network, the Nine Network, is 39 per cent controlled by Mr Kerry Packer, who is part of a syndicate trying to buy Australia's Fairfax newspaper group.

Singapore Airways seeks stake in Qantas

By Joyce Quek in Singapore

SINGAPORE Airlines (SIA) said yesterday that it had declared to the Australian government its interest in acquiring a stake in Qantas Airways, the loss-making, state-owned carrier.

At SIA's annual meeting, Dr Cheong Choong Kong, the airline's managing director, said that the proposed stake would be a strategic investment in view of the importance of Qantas and the Australian market.

Australia has been a popular destination for SIA's passengers, and Australia forms part of the south-west Pacific region which contributed S$577.6m (US$330m) towards SIA's revenue of S$4.5bn for the year to March 31.

The Australian government has already announced that it would sell 49 per cent of its stake in Qantas, with foreign airlines being allowed up to 35 per cent.

However, Dr Cheong said that SIA was interested only in buying a stake of sufficient size to guarantee a board seat. This was also the strategy of SIA's parent, Temasek Holdings, when it acquired stakes in New Zealand's Brierley Investments and the UK's Mount Charlotte hotel chain earlier this year.

Dr Cheong said that, unlike its equity-swapping and strategic operational alliances with US-based Delta Airlines and Swissair, SIA would make a straight investment in Qantas. He said that it would be useful if SIA and Qantas could establish some joint procedures, for example, using the same airline reservation system.

Already one of the world's most profitable airlines, SIA had a war chest of S$2bn in cash at March 31. The estimated cost of a 35 per cent stake in Qantas has been placed at S$1.3bn.

However, one analyst said SIA would probably aim for a 20 per cent share with an airline friendly with SIA taking up the remaining 15 per cent.

Natsteel lifts Centurion Industries stake to 66%

By Joyce Quek

NATSTEEL, the diversified Singapore conglomerate, yesterday announced that it had increased its stake in Centurion Industries, the Perth-based steel fabrication company, to 66.4 per cent.

This was achieved by Natsteel Equity II, a Natsteel group company, acquiring another 29.7 per cent of Centurion for A$3.07m (US$2.3m) at the close of its general takeover offer on July 18.

Natsteel II, which had already owned 36.7 per cent of Centurion, made a general offer on June 5 of A$2.05 a share for each 50 cent Centurion share. The remaining equity in Centurion is held by employees and other private investors.

The Centurion stake is part of Natsteel's ambitious strategy of reducing its dependence on its core activity as Singapore's only manufacturer and trader of steel products. To counter rising operating costs and cheap imports, the group is moving to broaden its steel activities throughout the region.

Natsteel also intends to generate at least half of its profits from non-steel businesses by 1993-94. To this end, it has moved rapidly to become a leading player in the leisure industry in Singapore and the Asia-Pacific region.

The group is now into involved in electronics, chemicals, construction products and engineering, but it is in the resorts business where it is most prominent. It owns 65 per cent of Singapore's Raffles Marina, which has already generated S$65m (US$37.6m) in membership fees.

Daikyo buys interest in Lloyds Ships

DAIKYO, Japan's largest builder of condominiums, has purchased a 49 per cent stake in Lloyds Ships, the shipbuilder based in Queensland for about A$2.69m (US$1.92m), Reuter reports from Tokyo.

The remaining 51 per cent is owned by two local Australian shareholders.

Pedeco takes 5% of Kukdong

KOREA's state-funded Korea Petroleum Development Corporation (Pedeco) is to buy a 5 per cent stake in Kukdong Oil for about Won3.5bn ($4.8m) and take a management role in the company, Reuter reports from Seoul.

In addition, the Hyundai Group, one of South Korea's largest conglomerates, is selling 2.5 per cent of its 50 per cent stake in Kukdong, while Kukdong will sell a similar proportion of its 50 per cent holding, giving Pedeco a boardroom vote.

Kukdong has incurred losses of Won100bn a year since it built a refinery in Daesan in 1989. Hyundai and Kukdong have clashed over Kukdong's plans to raise about Won200bn to make up for the losses.

"We decided to give Pedeco a casting vote on management issues," a Kukdong executive said.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

1/2 hour period ending	Provisional Price for Trading on 23.07.91: Pool purchase price £/MWh	Final Prices for Trading on 25.06.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.37	16.04	16.04
0100	15.50	16.04	16.04
0130	15.50	16.04	16.04
0200	15.50	16.04	16.04
0230	15.60	16.04	16.04
0300	15.60	16.04	16.04
0330	15.50	16.04	16.04
0400	15.50	16.04	16.04
0430	15.50	16.04	16.04
0500	15.50	16.04	16.04
0530	15.51	16.04	16.04
0600	15.63	16.01	16.01
0630	17.50	16.26	16.26
0700	17.45	16.49	16.49
0730	17.50	19.12	20.59
0800	18.11	21.23	22.95
0830	18.84	22.79	24.22
0900	19.15	24.47	26.80
0930	19.50	25.57	28.09
1000	19.50	25.92	28.50
1030	19.50	25.71	28.28
1100	19.50	32.80	35.33
1130	20.96	39.28	42.34
1200	19.50	40.99	44.39
1230	20.96	40.35	43.64
1300	20.96	33.10	35.92
1330	20.96	23.33	25.42
1400	20.96	22.30	24.18
1430	20.96	21.87	23.62
1500	20.96	22.12	22.12
1530	20.96	21.73	23.45
1600	20.96	22.45	24.36
1630	20.96	30.22	32.44
1700	20.96	30.33	32.54
1730	20.96	28.93	30.94
1800	20.96	21.18	22.79
1830	19.80	19.65	21.11
1900	18.64	19.60	21.06
1930	18.63	19.02	20.47
2000	18.08	18.60	20.04
2030	18.08	18.53	19.97
2100	17.80	20.42	21.91
2130	17.80	20.42	21.91
2200	17.80	20.42	21.89
2230	17.80	20.42	21.89
2300	17.80	20.42	21.89
2330	17.80	18.30	19.73
2400	15.69	17.72	19.14

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

هكذا من الأصل

INTERNATIONAL CAPITAL MARKETS

UK bonds rally as trade figures move into surplus

By Simon London in London and Patrick Harverson in New York

UK GOVERNMENT bond prices rose sharply yesterday as retail sales and trade figures for June were interpreted as showing an improvement in economic conditions.

The benchmark 11¾ per cent UK government bond maturing 2003/2007 closed the day at 110⅜, up ¾ point on the day, for a yield of 10.19 per cent.

In the futures market, the long gilt futures contract on the London International Financial Futures Exchange closed at 92.04, up from an opening level of 91.25.

Retail sales in the UK grew at a year-on-year rate of 1.3 per cent in June, against a negative growth rate of 3.2 per cent in May. The recovery in consumer spending was higher than institutional economists had anticipated. Most had forecast only a modest recovery over May, with sales still showing year-on-year negative growth.

The balance of payments figures showed Britain's first current account surplus, just £25m, for four years. Again the performance was better than the gilts market had anticipated, this time driven by a strong export performance. The overall trade balance showed a deficit of £377m, better than the £900m deficit in May.

Recovery is normally regarded as negative for the bond markets, implying that there will be a resurgence of inflationary pressures in the economy and higher interest rates. However, the poor standing of the government in the opinion polls has turned conventional logic on its head.

Signs that the economy is improving are regarded as increasing the chances of a Conservative victory at the next general election, expected late this year or early 1992. Many in the gilts market fear a Labour government more than an economic recovery.

Sterling's membership of the European exchange rate mechanism continues to fuel expectations of lower interest rates, whether or not the economy shows signs of recovery.

The Bank of England's surprise decision to issue £1bn of the 9 per cent government conversion stock due 2011 continued to hang over the market. Traders said that the new issue was draining liquidity from the market, even though investors only have to pay 30 per cent of the purchase price immediately.

In addition, the final payment is due on the government's £1.5bn issue of 10-year stock launched in June – draining a further £900m of funds.

■ GERMAN government bond prices rose slightly yesterday, supported by the strength of the D-Mark on the foreign exchange markets, despite the overall gloomy tone in the market.

The benchmark 8⅜ per cent 10-year bund closed at 98.35, for a yield of 8.62 per cent, having opened on a yield of 8.64 per cent.

Analysts expected trading to be subdued this week ahead of inflation and money supply figures due on Thursday. Cost of living prices data for July will be watched for signs that inflation is getting out of control.

The market is already discounting a rise of 4.2 per cent in the prices index over June. A month-on-month rise of closer to 4.5 per cent could force the Bundesbank council into raising interest rates when it meets for the first time after the summer recess on August 15.

■ US Treasury prices weakened slightly yesterday morning as the market prepared for an injection of fresh supply later in the week.

At midday, the benchmark 30-year government bond was down ⅛ at 96⅛, carrying a yield of 8.476 per cent. At the short end, the two-year issue was ⅛ lighter at 100¼, yielding 6.839 per cent.

The lack of a direction from new economic statistics and the light trading activity traditional in the middle of summer means that the bond market is in limbo. Last week's comment from Mr Alan Greenspan, chairman of the Federal Reserve, that the monetary authorities had adopted a "watchful waiting" policy, as well as some slightly worse-than-expected consumer price inflation data has effectively put the market's hopes for a cut in interest rates on hold.

The only interest from dealers and investors was in the approaching auctions of $12.5bn of two-year notes, due today, and $9.25bn of five-year notes, due tomorrow. Big auctions of Treasury bills are also planned this week.

In the credit markets, the Fed conducted $1.5bn in customer repurchase agreements in a move aimed at keeping the Fed Funds rate at its target of 5¾ per cent. By midday, the intervention had worked, forcing Fed Funds down a few points to 5¾ per cent.

■ JAPANESE government bond prices were little changed overnight in Tokyo, with no new factors to guide sentiment ahead of retail sales and industrial production figures due today. The benchmark government bond issue No 129 closed in Tokyo on a yield of 6.735 and traded at the same level in London. Analysts are expecting both sets of data to show a slowing in the rate of economic growth.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	106.2325	-0.256	10.97	10.93	11.18
BELGIUM		10.000	08/00	103.1500	-	9.46	9.37	9.30
CANADA *		9.750	06/01	98.4250	-0.400	9.99	9.96	9.86
DENMARK		9.000	11/00	97.8000	-0.100	9.34	9.26	9.24
FRANCE	BTAN	9.000	02/96	98.9804	-0.071	9.25	9.21	9.26
	OAT	9.500	01/01	101.9400	-0.070	9.16	9.09	9.16
GERMANY		8.375	05/01	98.3700	+0.070	8.62	8.53	8.31
ITALY		12.500	03/01	97.6800	-0.180	13.34	13.23	13.21
JAPAN	No 119	4.800	06/99	88.0746	+0.069	7.16	7.17	7.29
	No 129	6.400	03/00	96.1400	-0.134	6.74	6.72	6.80
NETHERLANDS		8.500	03/01	97.6800	-0.060	8.85	8.76	8.64
SPAIN		11.900	07/96	99.3500	-0.125	12.06	11.82	12.07
UK GILTS		10.000	11/96	98-30	+2/32	10.26	10.26	10.44
		10.000	02/01	98-26	+5/32	10.20	10.21	10.58
		9.000	10/08	92-07	+7/32	9.95	9.98	10.19
US TREASURY *		8.000	05/01	98-03	-1/32	8.28	8.26	8.29
		8.125	05/21	96-03	-3/32	8.48	8.45	8.49

London closing, *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on July 22

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101¼	102⅛	+⅛	7.65
ALBERTA PROVINCE 9 3/8 95	600	103⅜	103⅝		8.38
AUSTRIA 8 1/2 00	400	98¼	98½		8.81
BANK OF TOKYO 8 3/8 96	100	98¾	99¼	+⅛	8.69
BELGIUM 9 1/8 92	400	101⅞	102¼	-⅛	7.45
BFCE 7 3/4 97	150	97⅞	98⅜	+⅛	8.22
BNP 8 5/8 94	300	101⅛	101⅞		8.04
BP CAPITAL 9 5/8 93	150	102½	103⅛	-⅛	7.71
CANADA 9 96	1000	103	103⅜		8.17
CARCO 9 1/4 96	650	100¼	101¼	+⅛	9.18
CCCE 9 1/4 95	300	103⅛	103⅝		8.15
COUNCIL EUROPE 8 96	100	98⅜	98¾	-⅛	8.41
CREDIT FONCIER 9 1/2 99	300	103⅝	104	+⅛	8.78
DENMARK 8 1/4 94	150	100⅞	101⅜		7.91
ECSC 8 1/4 96	193	99⅞	100¼	+⅛	8.26
EEC 7 1/4 93	250	99⅜	100⅛		7.38
EIB 7 3/4 96	250	98½	99	+⅛	8.13
EIB 9 1/4 97	1000	102⅞	103⅛	+⅛	8.62
ELEC DE FRANCE 9 98	200	101⅞	102¼	+⅛	8.60
EUROFIMA 9 1/4 96	100	103	104	+⅛	8.42
EXPORT DEV CORP 9 1/2 98	150	103⅜	104		8.76
FINLAND 7 7/8 97	200	95⅜	96⅝	-⅛	8.86
FINNISH EXPORT 9 3/8 95	200	103⅜	103⅞	+⅛	8.38
FORD MOTOR CREDIT 9 1/2 93	300	102⅜	102⅞		8.27
GEN ELEC CAPITAL 9 3/8 96	300	103⅛	103⅝	+⅛	8.49
GMAC 9 1/8 96	200	100½	101	+⅛	8.96
HALIFAX 9 1/2 93	200	102⅝	103⅛	-⅛	7.88
IBM WORLD TRADE 7 5/8 93	150	99¼	100¼	-⅛	7.96
IND BK JAPAN FIN 7 7/8 97	200	95¾	96¼		8.84
INTER AMER DEV 7 5/8 96	200	96⅝	97	+⅛	8.45
ITALY 8 1/2 94	1500	101⅝	101⅞	+⅛	7.89
JAPAN DEV BK 8 94	150	100⅜	100⅝		7.83
KANSAI ELEC PWR 10 96	350	104⅝	104⅞	-⅛	8.80
LTCB 8 5/8 93	150	101⅜	101⅝		7.81
NEW ZEALAND 8 93	100	100⅜	101⅛		7.77
NIPPON CRED BK 9 3/4 93	150	103⅜	103⅞	+⅛	8.00
NIPPON TEL & TEL 9 3/8 95	200	103⅜	104⅛	+⅛	8.15
NORDIC INV BANK 9 93	200	102⅜	103⅛		7.42
ONTARIO HYDRO 11 5/8 94	200	107½	108⅛	-⅛	8.19
OSTER KONTROLLBANK 8 1/8 93	200	101⅛	101⅝		7.34
PETRO-CANADA 7 1/4 96	200	95⅛	95⅝	+⅛	8.52
QUEBEC HYDRO 9 3/4 98	150	103	103½		9.15
QUEBEC PROV 9 98	200	99½	100⅛		9.09
SAINSBURY 9 1/8 95	150	101⅝	102⅛	-⅛	8.77
SAS 10 99	200	99⅝	100⅞	+⅛	10.05
SBAB 9 1/2 95	500	103⅝	104		8.35
STATE BK STH AUST 9 1/4 95	100	101⅞	102½	-⅛	7.86
SUMITOMO BK CAP MKT 9 3/8 93	150	102⅝	103⅛		8.06
SWEDEN 8 1/8 94	150	100¾	101½	+⅛	7.83
SWEDISH EXPORT 9 5/8 93	100	103⅛	103½		7.42
TOKYO METROPOLIS 8 1/4 96	200	99½	99⅞	+⅛	8.35
WORLD BANK 8 3/8 99	1500	99	99⅛		8.73
WORLD BANK 8 3/4 97	1500	102	102⅛	+⅛	8.47
XEROX CORPN 8 3/8 96	100	95¼	96⅛	+⅛	9.57

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94½	95¼		9.34
KREDIETCORP 7 93 LFr	1000	95⅞	96⅞		9.30
WORLD BANK 8 96 LFr	1000	96½	97½		8.92
AMRO BANK 6 1/4 92 Fl	150	96⅛	97⅛	+⅛	9.72
RABOBANK 5 3/4 93 Fl	150	94½	95¼	-⅛	9.56
ALBERTA PROVINCE 10 92 C$	500	100¼	100⅝	-⅛	9.71
BCE INC 9 5/8 93 C$	300	99	99½	-⅛	10.22
BELL CANADA 10 5/8 99 C$	150	98½	99		10.91
BRITISH COLUMBIA 9 1/4 93 C$	150	98⅞	99⅜	-⅛	9.97
EIB 10 1/8 98 C$	130	98	99⅛	-⅛	10.53
FORD CREDIT CANADA 10 94 C$	100	97⅛	98⅛	-⅛	10.90
GENERAL ELECT CAP 10 1/4 93 C$	175	100⅜	101⅛		9.88
MONTREAL TRUSTCO 8 1/2 92 C$	100	98¼	99⅛	-⅛	10.83
ONTARIO HYDRO 10 7/8 99 C$	500	100¼	100⅝	-⅛	10.83
QUEBEC PROV 10 1/2 98 C$	200	97⅛	97⅝	-⅛	11.01
ROYAL TRUSTCO 10 1/4 93 C$	100	99⅛	99⅝	+⅛	10.68
SWEDEN 9 3/4 93 C$	250	100	100½	-⅛	9.70
BELGIUM 9 1/8 96 Ecu	1250	99⅛	99⅝		9.17
CNT 7 3/8 93 Ecu	250	95⅛	96⅛	-⅛	10.27
CREDIT LYONNAIS 9 96 Ecu	125	96⅛	98	-⅛	10.04
DENMARK 7 5/8 96 Ecu	250	91⅝	92⅛		9.97
EEC 7 5/8 94 Ecu	200	96⅛	96⅝		9.28
EIB 10 97 Ecu	1125	104⅛	104⅝	-⅛	9.00
ITALY 10 3/4 00 Ecu	1000	108	108⅛	-⅛	9.35
UNITED KINGDOM 9 1/8 01 Ecu	2750	99⅜	99⅝		9.17
BMW FINANCE 14 1/2 92 A$	100	101½	102⅛	-⅛	12.05
COUNCIL EUROPE 13 93 A$	50	101⅜	102⅛		11.89
EKSPORTFINANS 12 3/8 95 A$	75	102⅞	103⅜		11.39
FORD CRED AUST 13 93 A$	50	100⅝	101⅞	+⅛	12.25
ICI 15 1/2 92 A$	100	102⅝	103⅛	-⅛	12.12
MCDONALDS CANADA 15 95 A$	100	108⅝	109⅛		12.10
NAT AUSTRALIA BANK 14 3/4 94 A$	150	105⅞	106⅜	+⅛	11.86
STATE BK NSW 14 1/4 99 A$	100	109	109⅝		12.41
VOLKSWAGEN INTL 15 94 A$	100	107⅛	107⅝	+⅛	11.75
ABBEY NATL TREAS 13 3/8 95 £	100	106¼	106½		11.16
BARCLAYS JERSEY 9 1/2 93 £	250	97⅜	98⅛	+⅛	10.95
BRITISH GAS 12 3/4 95 £	300	105⅛	105½	+⅛	10.88
DEUTSCHE BK FIN 11 94 £	225	100⅜	101		10.63
EIB 10 97 £	386.5	97⅛	97⅝		10.68
FORD CREDIT FUNDING 9 5/8 93 £	50	96⅛	97½	+⅛	11.74
INTER AMER DEV 11 3/8 95 £	75	101⅞	102⅜	-⅛	10.73
ITALY 10 1/2 14 £	400	94⅛	94⅝	+⅛	11.21
LAND SECS 9 1/2 07 £	200	81⅞	82⅛	+⅛	12.12
LEEDS PERMANENT 9 1/4 93 £	50	96⅛	97⅛		11.25
NORWAY 10 1/2 94 £	200	99⅛	99⅝	+⅛	10.67
ROLLS-ROYCE 9 5/8 93 £	150	97	97½	+⅛	11.42
SAINSBURY 10 7/8 93 £	100	99½	100		11.15
SKANDINAVISKA ENSK 13 1/8 95 £	100	104⅞	105⅛	+⅛	11.34
WORLD BANK 11 1/4 95 £	100	101⅞	102⅛		10.68
ABBEY NATIONAL 0 96 NZ$	100	58⅛	59⅛		10.95
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	104	105		10.90
AIDC 7 7/8 93 FFr	600	96	96⅛	-⅛	9.97
CREDIT LYONNAIS 10 95 FFr	3200	101⅛	101½	-⅛	9.58
EURATOM 7 5/8 98 FFr	500	92⅛	92⅝	+⅛	9.21

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAPROVEN 11 1/8 95	200	102	102⅛		10.48
BULGARIAN TRADE BK 8 1/2 96	200	80⅛	80⅞		14.26
DEUTSCHE BK FIN 5 5/8 96	750	89⅜	89⅞		8.37
DEUTSCHE FINANCE 7 1/2 95	1000	97⅝	97⅞		8.28
EIB 5 3/4 98	400	86⅛	86⅜	+⅛	8.52
EIB 6 7/8 95	300	94⅜	94⅝	+⅛	8.47
EUROFIMA 6 1/4 98	400	87½	87⅞	+⅛	8.71
FERRO DEL STAT 5 3/8 93	500	95⅛	95⅜	+⅛	8.80
IND BK JAPAN FIN 5 5/8 96	200	87⅜	87⅞		8.88
IND DEV BK INDIA 6 3/8 94	200	87⅞	87⅞	-⅛	10.98
INTER AMER DEV 7 1/4 99	300	91⅛	91½	-⅛	8.78
LUFTHANSA INT FIN 5 7/8 98	500	85⅛	85⅝	-⅛	8.89
NAT BK HUNGARY 8 96	200	90⅛	90½		10.47
QUEBEC HYDRO 6 3/4 99	300	88⅛	88⅜		8.81
SWEDEN 6 1/8 98	300	87⅜	87⅞		8.58
VENEZUELA 8 1/4 93	100	95⅜	95⅞		10.43
WORLD BANK 0 15	2000	16	16		7.80
WORLD BANK 5 3/4 96	300	88⅞	88⅞	-⅛	8.75
WORLD BANK 7 1/8 95	500	96⅛	96⅛	-⅛	8.43

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	92½	93¼		6.70
AUSTRIA 4 5/8 98	100	88	89	-½	6.96
CHUJITSUYA 7 3/4 95	50	101¼	102	+¼	7.38
COUNCIL EUROPE 4 3/4 98	250	89¼	90		6.72
EEC 5 1/2 00	100	90½	91½	-½	6.91
EIB 5 3/4 93	100	97½	98½		6.96
ELEC DE FRANCE 7 1/4 06	100	104	105		6.80
FINLAND 5 3/8 95	150	96	96¾		6.47
GENERAL MOTORS 7 1/2 95	100	101½	102½	+½	7.01
JAPAN DEV BK 5 1/2 94	100	96¾	97¼	-¼	6.91
NEW ZEALAND 4 7/8 99	200	88	89		6.97
QUEBEC HYDRO 5 08	100	78	80		7.32
SKANDINAVISKA ENSK 6 1/2 95	100	99½	100½		6.65
WORLD BANK 5 03	150	86½	87		6.66
WORLD BANK 7 01	600	102¼	102¾		6.67

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	94⅞	95⅛		7.05
CANADA 4 3/8 92	80000	97½	97¾	+⅛	7.25
CREDIT FONCIER 5 1/4 94	20000	94¼	94⅝		7.19
DENMARK 7 95	40000	100	100⅛		6.98
EIB 4 5/8 94	40000	94⅛	94⅜		7.01
GENERAL ELECTRIC 5 3/4 93	35000	97⅜	97⅞		7.43
INTER AMER DEV 7 1/4 00	30000	101⅞	102⅛		6.95
ITALY 5 3/4 92	150000	99⅛	99⅜	+⅛	6.82
KANSAI ELEC PWR 4 5/8 94	60000	93⅝	94	+⅛	7.18
NIPPON TEL & TEL 5 7/8 96	50000	95⅛	95⅜		6.90
NORWAY 5 1/8 95	50000	94⅛	94⅝		6.97
SWEDEN 5 5/8 95	20000	95⅛	95⅝		7.00
WORLD BANK 6 3/4 00	50000	99¼	99½		6.86

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	99.96	100.06	6.5156
ALLIANCE & LEICS 0.08 94 £	300	99.46	99.56	11.9550
BANCO ROMA 0.03 01	200	91.50	92.50	6.4675
BANCO SANTO SPIRITO 93	200	99.50	99.60	6.5000
BELGIUM 1/16 97 DM	500	99.97	100.07	9.1250
BFCE -0.02 96	350	99.85	99.95	6.1050
BRITANNIA 1/10 96 £	150	99.04	99.24	11.9750
CCCE 06 ECU	200	99.83	99.93	9.5938
CITIZENS FED 0.15 96	100	99.25	99.75	7.0250
COMMERZBK O/S FIN 93	200	99.90	100.00	6.5625
DENMARK -1/8 96	1000	99.57	99.67	6.5938
DRESDNER FINANCE 1/32 98 DM	1000	100.00	100.08	9.2666
ELEC DE FRANCE 1/8 99	400	100.25	100.75	7.0000
FERRO DEL STAT 94	200	100.50	100.75	6.8750
HALIFAX 1/10 94 £	200	99.81	99.91	11.7250
ITALY 00	500	100.80	100.90	6.3750
MITSUI FIN ASIA 1/6 96	100	99.56	99.66	7.0000
MORGAN (JP) 1/4 97	250	98.25	99.25	6.2500
NAT WEST FIN 3/16 05	400	91.50	92.50	6.5000
NEW ZEALAND 93	500	99.88	99.98	6.5000
QUEBEC PROV 01	300	96.38	96.63	6.1250
RENFE 98	500	99.90	100.00	6.0625
SOCIETE GENERALE 96	300	99.10	99.20	6.3125
STATE BK VICTORIA 0.05 99	125	98.55	98.80	6.4875
UNITED KINGDOM -1/8 96	4000	99.99	100.02	5.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.86	116⅛	117⅜	+7.60
ASDA-MFI 4 3/4 02 £	100	1.64	117¼	118¼	
BURTON GROUP 4 3/4 01 £	110	3.15	116½	118⅛	
EASTMAN KODAK 6 3/8 01	300	50.67	96	97	+19.74
GOLD KALGOORLIE 7 1/2 00	65	1.0554	73½	74½	+39.20
GOODYEAR TIRE 6 7/8 03	150	80¼	76½	78	+57.92
GRACE (WR) 6 1/4 02	150	42⅛	91⅛	92⅛	+15.17
HANSON 9 1/2 06 £	500	2.5875	97⅞	98⅞	+21.46
HAWLEY 6 02 PREF	400	19.1	78	79	
HILLSDOWN 4 1/2 02 £	150	4.16	110⅞	111⅞	
INTL PAPER 5 3/4 02	200	68½	106½	107½	+2.21
LAND SECS 6 3/4 02 £	84	6.72	81⅝	82⅛	+12.63
MITSUBISHI BK 1 3/4 02	300	2727.1	100	102	+0.45
OGDEN 6 02	85	39.077	68½	69½	+43.72
PACIFIC DUNLOP 6 3/4 97	75	3.749	107⅛	108⅛	+1.52
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	83	84	
THORN EMI 5 3/4 04 £	103	7.45	113⅛	114⅛	+17.05

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by Association of International Bond Dealers.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, July 22, 1991. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	59.0422	33.5871	42.9653
Albania	(Lek)	10.0952	6.0054	3.4163	4.3702
Algeria	(Dinar)	30.27	18.0071	10.2436	13.1038
Andorra	(Fr Fr)	10.035	5.9696	3.3959	4.3441
	(Sp Peseta)	184.20	109.578	62.335	79.7402
Angola	(Kwanza)	97.961	58.2754	33.1509	42.4073
Antigua	(E Carr $)	4.5427	2.7023	1.5372	1.9665
Argentina	(Austral)	16745.93	9961.89	5666.98	7249.32
Aruba	(Florin)	3.0117	1.7916	1.0191	1.3037
Australia	(Aus $)	2.1655	1.2882	0.7328	0.9374
Austria	(Schilling)	20.805	12.3765	7.0406	9.0064
Azores	(Port Escudo)	252.50	150.208	85.4483	109.307
Bahamas	(Bahama $)	1.6810	1	0.5688	0.7277
Bahrain	(Dinar)	0.6354	0.3779	0.215	0.275
Balearic Is	(Sp Peseta)	184.20	109.578	62.335	79.7402
Bangladesh	(Taka)	58.00	34.5032	19.6277	25.1082
Barbados	(Barb $)	3.384	2.013	1.1451	1.4649
Belgium	(Belg Fr)	60.70	36.1094	20.5414	26.277
Belize	(B $)	3.365	2.0017	1.1387	1.4567
Benin	(CFA Fr)	501.75	298.483	169.797	217.208
Bermuda	(Bermudian $)	1.6810	1	0.5688	0.7277
Bhutan	(Ngultrum)	43.00	25.58	14.5516	18.6147
Bolivia	(Boliviano)	6.0486	3.5982	2.0469	2.6184
Botswana	(Pula)	3.4533	2.0543	1.1686	1.4949
Brazil	(Cruzeiro)	560.695	333.548	189.745	242.725
Brunei	(Brunei $)	2.9505	1.7552	0.9984	1.2772
Bulgaria	(Lev)	31.014	18.4497	10.4954	13.4259
Burkina Faso	(CFA Fr)	501.75	298.483	169.797	217.208
Burma	(Kyat)	10.799	6.4241	3.6544	4.6748
Burundi	(Burundi Fr)	284.75	169.393	96.362	123.268
Cambodia	(Riel)	1346.00	800.714	455.499	582.684
Cameroon	(CFA Fr)	501.75	298.483	169.797	217.208
Canada	(Canadian $)	1.9460	1.1576	0.6585	0.8424
Canary Is	(Sp Peseta)	184.20	109.578	62.335	79.7402
Cp. Verde	(CV Escudo)	130.814	77.8191	44.2686	56.6294
Cayman Is	(CI $)	1.3965	0.8307	0.4725	0.6045
Cent.Afr. Rep	(CFA Fr)	501.75	298.483	169.797	217.208
Chad	(CFA Fr)	501.75	298.483	169.797	217.208
Chile	(Chilean Peso)	583.10	346.877	197.327	252.424
China	(Renminbi Yuan)	9.009	5.3593	3.0487	3.9
Colombia	(Col Peso)	1047.77	623.302	354.575	453.58
Comoros	(CFA Fr)	501.75	298.483	169.797	217.208
Congo (Brazz)	(CFA Fr)	501.75	298.483	169.797	217.208
Costa Rica	(Colon)	209.47	124.61	70.8866	90.6796
Côte d'Ivoire	(CFA Fr)	501.75	298.483	169.797	217.208
Cuba	(Cuban Peso)	1.34	0.7971	0.4534	0.58
Cyprus	(Cyprus £)	0.807	0.48	0.273	0.3493
Czechoslovakia	(Koruna)	51.49c	30.6305	17.4247	22.29
		49.66t	29.5419	16.8054	21.4978
Denmark	(Danish Kroner)	11.4175	6.792	3.8637	4.9426
Djibouti Rep	(Djib Fr)	297.60	177.037	100.711	128.831
Dominica	(E Carrib $)	4.5427	2.7023	1.5372	1.9665
Dominican Rep	(D Peso)	21.6033	12.8514	7.3107	9.352
Ecuador	(Sucre)	1732.97o	1030.92	586.453	750.203
		1897.02a	1128.51	641.97	821.221
Egypt	(Egyptian £)	5.61	3.3372	1.8984	2.4285
El Salvador	(Colon)	13.4776	8.0176	4.5609	5.8344
Equat'l Guinea	(CFA Fr)	501.75	298.483	169.797	217.208
Ethiopia	(Ethiopian Birr)	3.4575	2.0568	1.17	1.4967
Falkland Is	(Falk £)	1.00	0.5948	0.3384	0.4329
Faroe Is	(Danish Kroner)	11.4175	6.792	3.8637	4.9426
Fiji Is	(Fiji $)	2.5172	1.4974	0.8518	1.0896
Finland	(Markka)	7.1255	4.2388	2.4113	3.0846
France	(Fr)	10.035	5.9696	3.3959	4.3441
Fr. Cty/Africa	(CFA Fr)	501.75	298.483	169.797	217.208
Fr. Guiana	(Local Fr)	10.035	5.9696	3.3959	4.3441
Fr. Pacific Is	(CFP Fr)	181.70	108.09	61.489	78.658
Gabon	(CFA Fr)	501.75	298.483	169.797	217.208
Gambia	(Dalasi)	15.05	8.953	5.093	6.5151
Germany	(D-Mark)	2.9550	1.7578	1	1.2792

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	618.424	367.891	209.281	267.716
Gibraltar	(Gib £)	1.00	0.5948	0.3384	0.4329
Greece	(Drachma)	322.945	192.115	109.288	139.803
Greenland	(Danish Krone)	11.4175	6.792	3.8637	4.9426
Grenada	(E Carr $)	4.5427	2.7023	1.5372	1.9665
Guadaloupe	(Local Fr)	10.035	5.9696	3.3959	4.3441
Guam	(US $)	1.6810	1	0.5688	0.7277
Guatemala	(Quetzal)	8.2123	4.8853	2.7791	3.5551
Guinea	(Fr)	1043.15a	620.563	353.012	451.58
		504.75o	300.268	170.812	218.506
Guinea-Bissau	(Peso)	1093.62	650.577	370.091	473.429
Guyana	(Guyanese $)	213.68	127.115	72.3113	92.5021
Haiti	(Goude)	8.4125	5	2.8468	3.6417
Honduras	(Lempira)	9.422	5.6049	3.1884	4.0787
Hong Kong	(HK $)	13.067	7.7733	4.4219	5.6567
Hungary	(Forint)	128.683	76.5514	43.5475	55.7069
Iceland	(Icelandic Krona)	103.50	61.5704	35.0253	44.8051
India	(Indian Rupee)	43.00	25.58	14.5516	18.6147
Indonesia	(Rupiah)	3317.32	1973.42	1122.61	1436.07
Iran	(Rial)	112.00	66.627	37.9018	48.4848
Iraq	(Iraqi Dinar)	0.5936	0.3531	0.2008	0.2569
Irish Rep	(Punt)	1.1045	0.657	0.3737	0.4781
Israel	(Shekel)	4.00	2.3795	1.3536	1.7316
Italy	(Lira)	2201.25	1309.49	744.924	952.922
Jamaica	(Jamaican $)	16.8575	10.0282	5.7047	7.2976
Japan	(Yen)	231.00	137.418	78.1725	100
Jordan	(Jordanian Dinar)	1.1444	0.6807	0.3872	0.4954
Kenya	(Kenya Shilling)	48.0858	28.6054	16.2726	20.8163
Kiribati	(Australian $)	2.1655	1.2882	0.7328	0.9374
Korea North	(Won)	1.632	0.9708	0.5522	0.7064
Korea South	(Won)	1234.42	734.337	417.739	534.381
Kuwait	(Kuwaiti Dinar)	0.4829	0.2872	0.1634	0.209
Laos	(New Kip)	1177.75	700.625	398.562	509.848
Lebanon	(Lebanese £)	1501.6	893.278	508.156	650.043
Lesotho	(Maluti)	4.8217	2.8683	1.6317	2.0873
Liberia	(Liberian $)	1.6810	1	0.5688	0.7277
Libya	(Libyan Dinar)	0.4903	0.2916	0.1659	0.2122
Liechenstein	(Swiss Fr)	2.5575	1.5214	0.8654	1.1071
Luxembourg	(Lux Fr)	60.70	36.1094	20.5414	26.277
Macao	(Pataca)	13.4896	8.0247	4.565	5.8396
Madagascar	(MG Fr)	2882.00	1714.46	975.296	1247.62
Madeira	(Port Escudo)	252.50	150.208	85.4483	109.307
Malawi	(Kwacha)	4.822	2.8685	1.6318	2.0874
Malaysia	(Ringgit)	4.6890	2.7894	1.5868	2.0298
Maldive Is	(Rufiya)	16.8755	10.0389	5.7108	7.3054
Mali Rep	(CFA Fr)	501.75	298.483	169.797	217.208
Malta	(Maltese £)	0.5680	0.3378	0.1922	0.2458
Martinique	(Local Fr)	10.035	5.9696	3.3959	4.3441
Mauritania	(Ouguiya)	139.984	83.2742	47.3719	60.5991
Mauritius	(Maur Rupee)	27.45	16.3295	9.2893	11.8831
Mexico	(Mexican Peso)	5073.58a	3018.19	1716.95	2196.35
		5081.49d	3022.9	1719.62	2199.78
Miquelon	(Local Fr)	10.035	5.9696	3.3959	4.3441
Monaco	(French Fr)	10.035	5.9696	3.3959	4.3441
Mongolia	(Tugrik)	5.6456	3.3584	1.9105	2.4439
Montserrat	(E Carr $)	4.5427	2.7023	1.5372	1.9665
Morocco	(Dirham)	15.38	9.1493	5.2047	6.658
Mozambique	(Metical)	2545.02	1513.99	861.259	1101.74
Namibia	(S A Rand)	4.8217	2.8683	1.6317	2.0873
Nauru Is	(Australian $)	2.1655	1.2882	0.7328	0.9374
Nepal	(Nepalese Rupee)	71.8427	42.738	24.3122	31.1007
Netherlands	(Guilder)	3.3300	1.9809	1.1269	1.4415
N'nd Antilles	(A/Guilder)	3.0117	1.7916	1.0191	1.3037
New Zealand	(NZ $)	2.9700	1.7668	1.005	1.2857
Nicaragua	(Gold Cordoba)	8.4125	5.0044	2.8468	3.6417
Niger Rep	(CFA Fr)	501.75	298.483	169.797	217.208
Nigeria	(Naira)	18.3187	10.8975	6.1992	7.9301
Norway	(Nor. Krone)	11.5025	6.8426	3.8925	4.9794
Oman	(Rial Omani)	0.6489	0.386	0.2195	0.2809

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	41.00	24.3902	13.8747	17.7489
Panama	(Balboa)	1.6810	1	0.5688	0.7277
Papua New Guinea	(Kina)	1.6070	0.9559	0.5438	0.6956
Paraguay	(Guarani)	2221.18	1321.34	751.668	961.55
Peru	(New Sol)	1.3500	0.803	0.4568	0.5844
Philippines	(Peso)	45.00	26.7697	15.2284	19.4805
Pitcairn Is	(£ Sterling)	1.00	0.5948	0.3384	0.4329
	(NZ $)	2.9700	1.7668	1.005	1.2857
Poland	(Zloty)	19036.00	11324.2	6441.96	8240.69
Portugal	(Escudo)	252.50	150.208	85.4483	109.307
Puerto Rico	(US $)	1.6810	1	0.5688	0.7277
Qatar	(Riyal)	6.13	3.6466	2.0744	2.6536
Reunion Is. de la	(F/Fr)	10.035	5.9696	3.3959	4.3441
Romania	(Leu)	102.35	60.8863	34.6362	44.3073
Rwanda	(Fr)	210.17	125.027	71.1235	90.9826
St Christopher	(E Carr $)	4.5427	2.7023	1.5372	1.9665
St Helena	(£)	1.00	0.5948	0.3384	0.4329
St Lucia	(E Carr $)	4.5427	2.7023	1.5372	1.9665
St Pierre	(French Fr)	10.035	5.9696	3.3959	4.3441
St Vincent	(E Carr $)	4.5427	2.7023	1.5372	1.9665
San Marino	(Italian Lira)	2201.25	1309.49	744.924	952.922
Sao Tome	(Dobra)	314.6275	187.167	106.473	136.202
Saudi Arabia	(Riyal)	6.32145	3.7604	2.1392	2.7365
Senegal	(CFA Fr)	501.75	298.483	169.797	217.208
Seychelles	(Rupee)	9.10	5.4134	3.0795	3.9393
Sierra Leone	(Leone)	470.00	279.595	159.052	203.463
Singapore	($)	2.9505	1.7552	0.9984	1.2772
Solomon Is	($)	4.5970	2.7346	1.5556	1.99
Somali Rep	(Shilling)	4408.15	2622.34	1491.76	1908.29
South Africa	(Rand)	4.8217c	2.8683	1.6317	2.0873
		5.3565g	3.1864	1.8126	2.3188
Spain	(Peseta)	184.20	109.578	62.335	79.7402
Spanish Ports in N Africa	(Sp Peseta)	184.20	109.578	62.335	79.7402
Sri Lanka	(Rupee)	68.50	40.7495	23.181	29.6536
Sudan Rep	(£)	7.5712o	4.5039	2.5621	3.2775
		19.2646g	11.4602	6.5193	8.3396
Surinam	(Guilder)	3.003	1.7864	1.0162	1.3
Swaziland	(Lilangeni)	4.8217	2.8683	1.6317	2.0873
Sweden	(Krona)	10.6875	6.3578	3.6167	4.6266
Switzerland	(Fr)	2.5575	1.5214	0.8654	1.1071
Syria	(£)	35.3325	21.0187	11.9568	15.2954
Taiwan	($)	45.45	27.0374	15.3807	19.6753
Tanzania	(Shilling)	384.87	228.953	130.244	166.61
Thailand	(Baht)	40.50	24.0928	13.7055	17.5324
Togo Rep	(CFA Fr)	501.75	298.483	169.797	217.208
Tonga Is	(Pa Anga)	2.1655	1.2882	0.7328	0.9374
Trinidad/Tobago	($)	7.1506	4.2537	2.4198	3.0954
Tunisia	(Dinar)	1.6349	0.9725	0.5532	0.7077
Turkey	(Lira)	7280.82	4331.24	2463.9	3151.87
Turks & Caicos	(US $)	1.6810	1	0.5688	0.7277
Tuvalu	(Australian $)	2.1655	1.2882	0.7328	0.9374
Uganda	(New Shilling)	1264.13	752.011	427.794	547.242
U A E	(Dirham)	6.1900	3.6823	2.0947	2.6796
United Kingdom	(£)	1.00	0.5948	0.3384	0.4329
United States	(US $)	1.6810	1	0.5688	0.7277
Uruguay	(Peso)	3399.49	2022.3	1150.42	1471.64
USSR	(Rouble)	0.9946o	0.5916	0.3365	0.4305
		2.9838c	1.775	1.0097	1.2916
Vanuatu	(Vatu)	187.00	111.243	63.2825	80.9523
Vatican	(Lira)	2201.25	1309.49	744.924	952.922
Venezuela	(Bolivar)	92.2286	54.8652	31.2109	39.9257
Vietnam	(Dong)	14637.75	8707.76	4953.55	6336.69
Virgin Is-British	(US $)	1.6810	1	0.5688	0.7277
Virgin Is-US	(US $)	1.6810	1	0.5688	0.7277
Western Samoa	(Tala)	3.9917	2.3745	1.3508	1.728
Yemen	(Rial)	20.274	12.0606	6.8609	8.7766
Yemen PDR	(Dinar)	0.7756	0.4613	0.2624	0.3357
Yugoslavia	(Dinar)	38.3984	22.8425	12.9943	16.6226
Zaire Rep	(Zaire)	7597.00	4519.33	2570.9	3288.74
Zambia	(Kwacha)	111.38	66.2581	37.692	48.2164
Zimbabwe	($)	5.5859	3.3229	1.8903	2.4181

Special Drawing Rights July 19, 1991 United Kingdom £0.793659 United States $1.33176 Germany D Mark 2.34590 Japan Yen182.984
European Currency Unit Rates July 22, 1991 United Kingdom £0.694375 United States $1.17037 Germany D Mark 2.05599 Japan Yen160.317

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar;
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday, July 22, 1991.

Japanese Euro deals well received in quiet market

By Tracy Corrigan

FINANCINGS in the Eurobond market by two Japanese companies were well received by investors yesterday, in an otherwise subdued market.

Tokyo Electric Power, Japan's largest company, and Toyota Credit Canada, an arm of Toyota, both priced their offerings attractively, dealers said, against a background of narrow secondary market spreads.

The Tepco deal, a $500m seven-year Eurobond via Goldman Sachs, was priced to yield 47 basis points above the US Treasury yield, which compared favourably with deals in the secondary market, where spreads are very tight.

"It is Japan's biggest company, and its previous deals have been rather illiquid. This was large enough to get institutional investors interested," one dealer said.

Traders reported firm demand in Europe, as well as in the Far East, where many of Tepco's previous deals have tended to gravitate. Goldman estimated that around 60 per cent of the deal was placed with European investors.

Although swap spreads are not attractive at the moment, dealers said that Tepco was able to swap the proceeds of the deal into fixed-rate yen at a rate competitive with its target of around 6.9 per cent semi-annually in the Japanese domestic market.

Toyota Credit Canada's small C$100m offering via Hambros Bank performed strongly. From a launch spread of 47 basis points above the five-year Canadian Treasury, the deal had tightened to 40 by the end of the day.

Canadian bond prices rallied strongly last week, and when the domestic market fell back on Friday, Eurobond spreads were driven tighter.

Toyota's issue was priced attractively compared with the secondary market, and also provided investors with a strong corporate credit as an alternative to the string of Canadian provinces and other government bodies.

There was no currency swap involved, but the deal included a complex interest-rate swap package.

● FEDERAL National Mortgage Association is to redeem two debenture issues totalling $600m, Reuter from Washington. The association will redeem all $300m of outstanding series SM-1995-M on August 21. It said the 8.7 per cent debentures are due August 21, 1995.

The association will also redeem all $300m of outstanding series SM-1995-N on September 19. The 8.75 per cent debentures are due on September 19, 1995.

● PRICES of recent Dutch state bonds closed slightly lower, tracking London traded bund futures, Reuter reports from Amsterdam.

Although business was thin due to a lack of investor interest, dealers said they did not expect prices to slip much further after a handful of domestic pension funds popped up in early trade to pick up issues.

"We see demand at yields of 8.86 per cent [for 10-year paper]," one trader said. The latest 10-year, 8.50 per cent bond finished 7 cents down on the day for a yield of 8.85 per cent, up from 8.84 per cent on Friday.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Tokyo Electric Power Co.(a)†	500	8¾	99.73	1998	32.5bp	Goldman Sachs
Mitsubishi Kasei Corp(a)♦	300	4½	100	1995	2¼/1½	Nikko Secs.
CANADIAN DOLLARS						
Toyota Credit Canada(a)†	100	10⅜	101.20	1996	1⅞/1⅜	Hambros Bk.
D-MARKS						
Toyo Shutter(a)♦	70	6	100	1995	2¼/1½	Nikko Secs.GmbH
LIRE						
Nordbanken(a)†	150bn	zero	80.55	1993	1.1/1	Bca.Nazionale d'Lavoro

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable.

Canadian broker buys unit of Dean Whitter

By Robert Gibbens in Montreal

MIDLAND WALWYN is cementing its position as Canada's biggest retail brokerage with acquisition of Dean Whitter Reynolds (Canada) from its US parent, Dean Whitter Financial Services.

The deal also marks the departure of the last sizeable US retail brokerage from Canada. A score of US firms, including Merrill Lynch, have pulled out of Canada or have severely pruned operations since the October 1987 market crash.

At the same time, Canadian deregulation of financial services since 1988 has led to the takeover of the leading Canadian full service brokerages by the big chartered banks.

Midland Walwyn, itself the result of a recent merger, said it would pay with up to 3m shares worth around C$10m (US$8.6m) for the Dean Whitter Canadian operation. This will give Dean Whitter of the US a 10 per cent shareholding in Midland Walwyn.

Dean Whitter Canada has nearly 200 registered representatives in 12 offices across Canada, serving retail clients primarily. The deal will bring Midland's total representatives to about 900 across the country.

Midland Walwyn already has several big Canadian institutional shareholders and its stock is publicly held. Shares were trading around C$3.15 in the market after the alliance with Dean Whitter was announced.

Rival houses say Dean Whitter sold out because the cost of doing business in Canada was too high.

● BCE Development, the troubled north American office developer, reduced operating losses for the first quarter of this financial year but continues to be weighed down by a C$2.6bn debt.

In the first quarter ended March 1991, the company recorded a loss of C$13m, against a C$19.9m loss a year earlier.

BCE's restructuring, including conversion ofthe C$726m loan to equity, has been delayed until 1993.

RTC sells failed thrift to SecPac

By Patrick Harverson in New York

SECURITY PACIFIC, the California banking group, yesterday agreed to buy Southwest Savings & Loan Association from the Resolution Trust Corporation (RTC), the government agency handling the rescue of the collapsed US thrift industry.

Security Pacific Bancorporation Southwest of Arizona is paying a deposit premium of about $35m to the RTC for all of Southwest's $1.42bn in deposits and its 47 branches spread around the Phoenix area.

The addition of the S&L's deposits base and 157,000 account relationships will strengthen the SecPac subsidiary's position as the third largest financial institution in Arizona.

Southwest has been held by the RTC since February 1989, and SecPac was one of 10 institutions which bid for the thrift. The RTC said the SecPac bid won because it was the least costly of the proposals submitted.

The RTC will advance an estimated $1.36bn to SecPac and will retain approximately $1.09bn of the closed institution's assets.

Although the RTC will recover part of its advance from the sale of assets to be held in receivership, the final cost to the agency is estimated at $941.1m.

The sale of the thrift to SecPac enabled Southwest's branches to open for business yesterday, with its deposits insured by the Federal Deposit Insurance Corporation, the government body which insures the nation's bank deposits.

Since it began sorting out the failed savings and loan industry, the RTC has closed or sold 446 thrifts and completed asset sales and collections worth more than $160bn.

About 14.7m insured depositors and $141bn in deposits have been saved by the agency's closure of insolvent thrifts. The cost to the taxpayer has been about $59.5bn, but experts estimate the final total could be as much as $160bn.

Court rules on Federconsorzi

By Haig Simonian in Milan

A ROME court yesterday gave its approval in principle for the judicial procedure to wind up the affairs of Federconsorzi and begin repaying creditors.

Foreign banks are owed some L300bn ($220.4m) by the troubled Italian farm services group.

However, the court's decision to accept a judicial composition among creditors, a move proposed earlier by Italy's farm minister, Mr Giovanni Goria, will, as expected, take many months to complete.

As a result, the necessary meeting of Federconsorzi's creditors, at which holders of at least two-thirds of its borrowings must approve the procedure, will not take place until January 29 next year, according to the court.

Under the composition procedure, a company can seek temporary protection from creditors, provided it can convince a court that it is in a position to repay at least 40 per cent of its borrowings within six months.

Having now accepted that argument on the basis of preliminary information in the case of Federconsorzi, the Rome court will now commission detailed valuation work on the group's assets to assess precisely what proportion of debts can be repaid.

Some asset sales may also be authorised, as well as provisions for the group's employees.

Should enough of Federconsorzi's creditors decide at January's meeting to accept the partial reimbursement, the court would then authorise the repayment of creditors. In the meantime, the 2,500 creditors, 938 of which are owed more than L30bn each, are expected to form one or more committees representing their interests.

Foreign banks have threatened to take legal action should the composition procedure reveal negligence or fraudulent behaviour by the company or those associated with it.

However, some foreign bankers say that court supervision of the asset sales under the composition procedure should at least improve the chances of transparency.

A number of potential purchasers are already believed to have come forward to buy some of Federconsorzi's interests, notably its Polenghi dairy products division and Fata, the insurance group it controls.

ABN Amro expands in S Korea

By Ronald van der Krol in Amsterdam

ABN AMRO, the Netherlands' largest bank, has acquired the Seoul office of Chemical Bank of the US, roughly doubling the size of the Dutch bank's operations in South Korea.

Terms of the deal, which takes effect immediately, were not disclosed. Following the acquisition, ABN Amro's assets in South Korea now stand at around Fl 800m ($400m), approximately twice as much as before.

ABN Amro has had its own office in South Korea since 1979. Both ABN Amro and Chemical Bank concentrate on the corporate finance market in South Korea.

ABN Amro first approached Chemical Bank about a possible deal after the US bank decided in January to close its Seoul office. Dutch and Korean regulatory authorities gave their approval earlier this month and the contract was signed at the weekend.

Last week, Chemical Bank and Manufacturers Hanover announced plans to merge to create the second-largest bank in the US.

ABN Amro also said yesterday it would become the first Dutch bank to have a representative office in Shanghai after winning approval from authorities in China. The bank opened a similar office in Peking five years ago.

A representative office is also planned in Bangkok as part of ABN Amro's strategy.

Caricom backs investment fund

COUNTRIES in the Commonwealth Caribbean, which are suffering from 10 years of declining foreign investment, will benefit from a new fund to be launched within the next 12 months, writes Canute James in Kingston.

The Caribbean Investment Fund will provide a source for the expansion of companies in the region, through investment in equities in all Commonwealth Caribbean countries. At their annual meeting this month, the heads of government of the Caribbean Economic Community (Caricom) approved the establishment of the fund, capitalised at about US$50m.

The fund will invest in equities in all Commonwealth Caribbean countries. The portfolio will include listed and unlisted stocks, including unquoted companies wanting funds for expansion and likely to be listed on the stock market.

Only three countries – Jamaica, Trinidad and Tobago and Barbados – have stock markets, while the Guyana government is planning one. The fund will also invest in countries without a local stock market, including the smaller islands of the eastern Caribbean.

Regional business leaders see in the new fund an opportunity for adjusting the large structural problems facing many companies. Most Caribbean companies are highly geared and under-capitalised.

The new fund will come into play almost immediately as state enterprises throughout the Caribbean continue their divestment.

Establishment of the Caribbean Investment Fund comes as concern mounts over a reduction in the volume of private and public investment flows from the industrialised countries.

Cofide buys back Finanza & Futuro

COFIDE, the Italian holding company of the Carlo De Benedetti empire, has repurchased the financial services group Finanza & Futuro from Fondiaria, the Italian insurance company, Reuter reports from Milan.

Finanza & Futuro was part of insurance group Compagnia Latina Assicurazioni, which Cofide sold to Fondiaria in May. Fondiaria said then it would sell back Finanza & Futuro for L100bn ($73.5m).

Singapore move for UBS

By Joyce Quek in Singapore

UNION Bank of Switzerland is to set up a merchant banking operation in Singapore, to be known as UBS (East Asia).

"The move is in line with UBS' plan of broadening its scope of financial services in the region. There is a tremendous need for global and specialised financial services," said Mr Lim Ho Kee, the bank's East Asia chief executive.

UBS (East Asia) will have a paid-up capital of S$50m ($28.9m). Mr Lim said the move reflected UBS' recent reorganisation, whereby control and delegation of authority and responsibility had been decentralised to autonomous business regions.

UBS (East Asia) will use the group network to underwrite and place equity, equity-linked and debt issues. "We are already working on several transactions," the bank said.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Jul 22 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Jul 19 Index No.	Thu Jul 18 Index No.	Wed Jul 17 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (184)	816.28	+0.3	10.62	5.91	11.62	22.20	813.65	815.11	815.81	878.24
2	Building Materials (24)	1039.81	+0.5	9.34	6.00	13.57	30.76	1034.93	1035.04	1036.66	1113.38
3	Contracting, Construction (31)	1142.79	+0.2	9.63	6.83	13.70	31.97	1141.04	1146.57	1145.63	1420.52
4	Electricals (10)	2381.15	+0.3	10.78	5.62	11.80	61.85	2372.96	2387.22	2370.30	2435.71
5	Electronics (25)	1670.40	-0.3	9.04	5.38	14.70	46.44	1675.36	1696.71	1705.89	1826.00
6	Engineering-Aerospace (8)	417.11	+0.7	16.41	6.01	7.32	12.11	414.17	412.43	407.82	468.79
7	Engineering-General (46)	444.04	+0.3	12.41	5.68	9.86	11.82	442.71	440.47	442.03	490.34
8	Metals and Metal Forming (8)	441.14	-0.2	15.99	8.01	7.68	16.70	442.08	438.27	438.80	490.80
9	Motors (12)	318.14	+0.6	12.42	7.60	9.49	9.98	316.10	319.45	318.49	349.85
10	Other Industrial Materials (20)	1563.03	+0.5	8.92	5.15	13.18	34.85	1555.20	1556.79	1561.03	1581.41
21	CONSUMER GROUP (187)	1502.68	+0.8	7.74	3.62	15.92	24.21	1490.97	1491.38	1502.18	1312.01
22	Brewers and Distillers (22)	1819.58	+0.4	8.46	3.64	14.43	27.57	1812.41	1824.14	1838.48	1638.67
25	Food Manufacturing (19)	1182.27	+0.8	9.71	4.18	12.72	24.43	1172.70	1170.20	1177.52	1098.83
26	Food Retailing (17)	2732.84	-0.1	7.88	3.07	16.59	39.61	2734.52	2738.66	2761.29	2578.98
27	Health and Household (22)	3670.27	+0.8	5.19	2.35	22.04	30.86	3641.49	3624.89	3661.52	2574.66
29	Hotels and Leisure (23)	1234.18	+1.2	10.30	5.62	11.59	30.99	1219.27	1224.12	1238.18	1442.95
30	Media (26)	1409.58	+0.4	8.30	4.99	15.67	36.17	1403.88	1402.20	1409.26	0.00
31	Packaging, Paper & Printing (17)	731.08	+0.7	7.70	4.51	15.69	14.33	725.66	724.76	721.07	609.11
34	Stores (32)	948.84	+2.0	8.15	3.85	16.02	17.06	929.81	931.95	936.23	816.35
35	Textiles (9)	558.75	......	8.97	5.55	13.84	13.79	558.83	554.72	551.11	489.21
40	OTHER GROUPS (109)	1240.02	+0.6	10.07	5.17	12.24	23.73	1232.88	1231.78	1234.67	1174.52
41	Business Services (12)	1285.26	+0.6	8.40	5.07	14.73	29.13	1277.73	1276.53	1280.82	0.00
42	Chemicals (21)	1400.46	+0.2	8.05	5.15	14.03	32.92	1397.28	1402.32	1407.37	1283.94
43	Conglomerates (10)	1458.53	+1.0	10.45	7.11	11.56	31.93	1443.95	1432.68	1436.22	1628.05
44	Transport (13)	2170.82	+0.3	8.71	4.91	14.23	48.98	2164.09	2157.35	2167.15	2329.49
45	Electricity (16)	1216.42	......	14.20	5.34	9.00	18.41	1215.70	1202.56	1198.96	0.00
46	Telephone Networks (4)	1457.16	+0.8	10.18	4.18	12.85	5.58	1445.97	1462.59	1466.55	1187.63
47	Water (10)	2434.21	......	16.82	6.32	6.58	118.37	2432.87	2371.93	2332.42	1915.60
48	Miscellaneous (23)	2007.85	+1.1	6.03	4.81	21.53	47.89	1986.61	1985.47	2010.02	1790.05
49	INDUSTRIAL GROUP (480)	1251.23	+0.6	9.04	4.56	13.63	24.03	1243.39	1243.63	1249.14	1172.55
51	Oil & Gas (20)	2500.20	+0.7	10.85	5.48	12.12	50.59	2482.18	2500.72	2491.88	2370.11
59	500 SHARE INDEX (500)	1356.31	+0.6	9.28	4.68	13.41	26.28	1347.65	1349.19	1353.75	1272.58
61	FINANCIAL GROUP (94)	794.15	+0.1	–	5.95	–	20.81	793.19	792.58	799.20	802.13
62	Banks (9)	916.00	+0.1	6.54	6.04	23.14	22.63	915.22	915.58	926.64	855.26
65	Insurance (Life) (7)	1490.76	+0.2	–	5.55	–	41.64	1487.91	1478.66	1483.98	1489.85
66	Insurance (Composite) (6)	651.64	+0.4	–	6.72	–	20.23	648.96	650.46	659.35	679.49
67	Insurance (Brokers) (8)	1185.47	+0.4	6.58	5.71	19.70	30.61	1180.96	1164.36	1161.10	943.38
68	Merchant Banks (7)	424.11	+0.2	–	4.94	–	11.00	423.35	424.18	425.20	440.17
69	Property (37)	889.21	......	6.28	5.17	22.83	19.84	889.02	888.00	891.66	1093.74
70	Other Financial (20)	254.64	-0.9	11.25	7.08	11.12	7.80	256.87	258.43	257.89	289.46
71	Investment Trusts (70)	1214.01	+0.3	–	3.50	–	19.41	1210.04	1207.29	1209.34	1212.22
99	ALL-SHARE INDEX (664)	1220.52	+0.6	–	4.81	–	24.65	1213.66	1214.62	1219.47	1159.41

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15	Year ago
FT-SE 100 SHARE INDEX‡	2558.5	+17.0	2564.6	2536.2	2541.5	2547.3	2561.0	2556.8	2532.5	2359.7

FIXED INTEREST

	PRICE INDICES	Mon Jul 22	Day's change %	Fri Jul 19	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (29)	120.83	+0.01	120.82	1.57	6.99
2	5-15 years (27)	131.20	+0.07	131.77	1.97	7.77
3	Over 15 years (9)	139.14	+0.14	138.94	2.78	6.44
4	Irredeemables (6)	152.33	-0.24	152.70	2.09	7.34
5	All stocks (71)	130.21	+0.05	130.50	1.93	7.48
	Index-Linked					
6	Up to 5 years (1)	159.85	......	159.84	0.64	2.72
7	Over 5 years (10)	145.49	+0.01	145.48	0.46	2.76
8	All stocks (11)	146.47	+0.01	146.45	0.47	2.76
9	Debs & Loans (56)	110.46	+0.39	110.02	2.74	5.33

	AVERAGE GROSS REDEMPTION YIELDS		Mon Jul 22	Fri Jul 19	Year ago (approx.)
	British Government				
1	Low	5 years	9.10	9.04	10.72
2	Coupons	15 years	9.88	9.88	10.71
3	(0%-7¾%)	20 years	9.88	9.88	10.71
4	Medium	5 years	10.26	10.25	11.98
5	Coupons	15 years	10.07	10.09	11.20
6	(8%-10¾%)	20 years	10.00	10.02	10.87
7	High	5 years	10.44	10.43	12.08
8	Coupons	15 years	10.20	10.22	11.46
9	(11%-)	20 years	10.09	10.11	11.11
10	Irredeemables	†	10.07	10.04	10.80
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.44	4.43	5.37
12	Inflation rate 5%	Over 5 yrs.	4.34	4.34	4.31
13	Inflation rate 10%	Up to 5 yrs.	3.46	3.45	4.21
14	Inflation rate 10%	Over 5 yrs.	4.15	4.14	4.12
15	Debs &	5 years	11.86	11.90	13.63
16	Loans	15 years	11.62	11.67	12.78
17		25 years	11.41	11.46	12.50

‡Opening index 2539.6; 9 am 2536.8; 10 am 2541.5; 11 am 2545.5; Noon 2548.9; 1 pm 2556.3; 2 pm 2559.4; 2.30 pm 2559.0; 3 pm 2564.0; [illegible]

FT-ACTUARIES SHARE INDICES SERVICE [illegible] from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	32	23	28
Corporations, Dominion and Foreign Bonds	1	5	14
Industrials	286	202	1,028
Financial and Properties	118	113	508
Oils	21	18	51
Plantations	0	2	8
Mines	18	39	101
Others	31	65	51
Totals	507	467	1,789

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
145	Nil	–	18pm	18pm	Airsprung Furniture 10p	18pm	
83	Nil	–	12pm	8pm	Amber Day 2½p	12pm	+2½
140	Nil	–	15pm	14pm	British Fittings 20p	15pm	
Ir25p	Nil	–	¼pm	¼pm	♦Bula Resources Ir25p	¼pm	
2½	Nil	–	2pm	½pm	Caverdale 1p	½pm	
88	Nil	–	4pm	2pm	Countryside Props.	2pm	
30	Nil	–	0pm	0pm	Eng. & O'seas Props. 10p	¼pm	
31	Nil	–	2½pm	1½pm	Ex-Lands 10p	1½pm	
50	Nil	–	23pm	1¼pm	Gardner (D.C.) 5p	1½pm	
75	Nil	–	1¼pm	1¼pm	Hewetson 10p	1¼pm	
312	Nil	–	64pm	39pm	Sainsbury (J)	58pm	-1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings July 22
● Last Dealings Aug. 2
● Last Declarations Oct. 24
● For settlement Nov. 4

For rate indications see end of London Share Service

Calls in Barratt Devs., Rosehaugh, Saatchi & Saatchi and Tuskar Res. Puts in Barratt (Henry), Doctus, First Natl. Finance, Hi-Tec Sports and Ratners.

LONDON TRADED OPTIONS

Option		CALLS			PUTS		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

July 22 Total Contracts 28,961 Calls 18,857 Puts 9,504
FT-SE Index Calls 2,523 Puts 3,095
Euro FT-SE Calls 1,237 Puts 2,628
*Underlying security price. † Long dated expiry months.
Premiums shown are based on middle prices.

CHANGES AT ICI

Moving ahead of the pack in global management

Robert Peston reports on progress of coming to terms with the legacy of a complicated structure

IMPERIAL CHEMICAL Industries detected three years ago that the key financial ratios of its paints business were deteriorating. Profits were steady. But its return on capital was falling and the ratio of fixed costs to sales was rising.

Mr Ronnie Hampel, the main board director responsible for paints, reacted quickly to cut overheads. The reward has been that in the declining markets of 1990 and 1991, when paint sales volumes have fallen 6 per cent in both periods, profits of the division have been rising, albeit modestly.

But not all the divisions had such foresight ICI's total profits are falling sharply. Mr Stuart Wamsley, a chemical industry analyst, says that ICI neglected to keep its costs under control in the buoyant conditions of the late eighties.

The worldwide workforce was cut by 50,000 to 175,000 between 1980 and 1985, when ICI was chaired first by Sir Maurice Hodgson and then Sir John Harvey-Jones. "After Sir John retired, ICI relaxed its attack on costs," Mr Wamsley says.

Rivals were also complacent, he adds. But the impact was worse for ICI, because so many of its operations are based in the high inflation economy of the UK. Extrapolation from official statistics suggests that the cost of labour for each unit of production rose more than twice as fast at ICI than at the US chemical companies between 1987 and 1990.

The damage done by the swollen overheads was worse because ICI's board was surprised by the speed of economic decline. Though ICI has begun to restructure and 20,000 jobs are likely go from the current total of 132,000, it did not prune quickly enough.

Management controls were "relatively undisciplined", in the words of an ICI director. This was the legacy of a complicated management structure, which divided financial responsibilities in a confusing way between territorial managers and business managers.

So last summer, Sir Denys Henderson, ICI's chairman, asked Mr Hampel to prepare a policy document on management reforms. A new management structure was announced in outline in February and its four main aims were summarised on the cover of Mr Hampel's plan:

- to create a closer working relationship between the chief executives running the seven divisions and the nine executives on the main board;
- to increase the financial accountability of the divisions to head office;
- to exploit the international nature of most businesses;
- to put a greater emphasis on increasing the wealth of ICI's shareholders.

The previous big management change came between 1983 and 1985, under the chairmanship of Sir Denys's predecessor, Sir John Harvey-Jones. Sir John inherited a cumbersome board containing 18 executive directors, most of which had responsibility for a single division and relied on the divisional chief executive for information.

What this meant in practice was that the divisional chief executive was rarely in direct contact with the main board. "There were too many layers between the board and the manager," comments Mr Wamsley.

Sir John halved the number of board executives – there were no new board appointments between 1979 and 1985 – and also reduced the number of divisions. Chief executives of the divisions were asked to make their own presentations to the board during annual budget meetings at the end of November, which have become known in the company as "hell fortnight".

He also created – or rather Sir Denys did on his behalf – ICI's first globally organised businesses. In 1983, a worldwide pharmaceuticals operation was set up. This was followed, in 1984, by the creation of a global agrochemicals division.

In the succeeding years, an increasing number of ICI's operations were reorganised to operate on an international basis, to meet the trans-national requirements of so many of its clients, such as those in the automotive and aerospace industries.

However, Sir John did not streamline the organisation completely. A parallel power structure, based on geography rather than products, was kept in place. As late as last year, considerable responsibility was given to the chief executives of four national companies – in the US, Canada, Australia and India – and another five executives with responsibility for other regions.

In part, this byzantine system was the legacy of ICI's history, when it had sought to produce clones of its UK operations throughout the British Empire. But territorial organisation had not become completely gratuitous. Any multi-national company must be sensitive to differing requirements of customers and governments in different countries.

Nonetheless, there was a significant draw back. There was duplication of accounting and reporting. In the words of Mr Ralph Hodge, who runs the industrial chemicals division, there was "too much bureaucracy".

A particular danger was that, after a long period of growth, neither the regional executive nor the divisional chief executive wanted to deliver gloomy news to head office. A related problem was that there was no detailed and formal mechanism for monitoring performance

So a new performance and policy committee has just been set up, which met yesterday and today, as it does before every set of results. At these meetings, each divisional chief executive has to explain the performance of his businesses to Sir Denys, Colin Short, the finance director and three main board directors with operational responsibilities.

ICI has not abandoned its territorial structure completely. There are three regional chairmen, for Asia Pacific, North America and Western Europe. However, they have no responsibility for managing the individual businesses and the divisions report directly to head office and not to the territories.

The autonomy of divisional heads is considerable. Mr Hodge, for example, has authority to make capital investments of up to £10m without referring back to the main board.

ICI has moved further towards global – as opposed to regional – management than any of its main rivals, according to Michael Bennett, of the management consultants, Arthur D Little.

The closest in organisational terms to ICI is probably Ciba Geigy, from Switzerland, because its three main businesses – in dyestuffs, agrochemicals and drugs – are innately international.

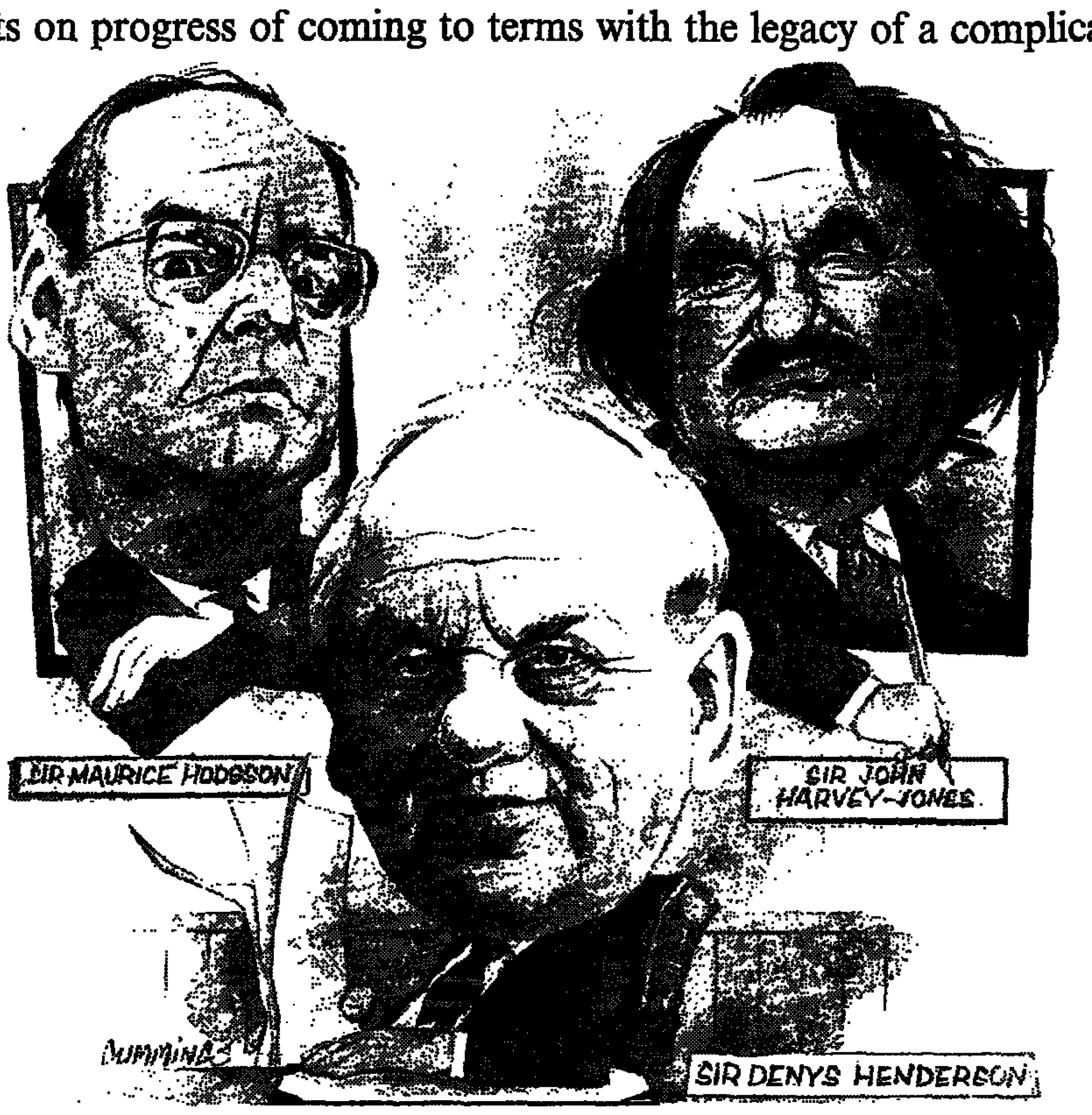
Because ICI is ahead of the pack, analysts find it difficult to judge whether the new structure will work. If there is a danger, they say, it is that ICI is ahead of its customers in running divisions on a global basis. Mr Bennett says ICI must be careful not to neglect the differing needs of European, Japanese and US purchasers.

The final stage of the management reforms will lead to a dramatic shrinkage of the head office. A director points out that only 20 per cent of ICI's business is purely domestic. But the chairman and main board executives spend a disproportionate amount of time on UK matters.

In part that is the natural consequence of the company's 65 years as the great British chemical company. But the second reason is that the group's art deco headquarters, on Millbank by the River Thames in London, contains a disproportionate number of staff working on UK issues. They are in close proximity to the main board and therefore find it easy to attract their attention.

So head office will be reorganised and most employees who are not needed to help the board fulfill its international obligations will be relocated.

In the process. Britain's most famous corporate headquarters, built in 1928, two years after the company was formed, could become redundant. If ICI moved out, there could be no better symbol of its break with the past.


SIR MAURICE HODGSON

SIR JOHN HARVEY-JONES

SIR DENYS HENDERSON

Cummings

Level of spending on research has far outstripped that of its UK competitors

By Charles Leadbeater, Industrial Editor

THE COMPANY which created polyester, polyethylene, perspex and beta blocker heart drugs is understandably proud of its record as an innovator.

ICI stands out as one of the leading British investors in research and development. It spent £679m on research and technology development for production processes last year.

Mr Richard Freeman, the company's chief economist, calculates that ICI's spending on R&D in the UK rose by 70 per cent in real terms between 1985 and 1989, compared with a 40 per cent increase for the rest of the British chemicals industry and a cut of 8.4 per cent in manufacturing as a whole.

The company's performance as an innovator is central to its defence against Hanson. Critics of Hanson allege it would slash ICI's research effort.

There is no doubting the scale of ICI's effort and its past achievements. But how effective is this spending?

Although ICI has well-developed formal procedures for assessing the costs and benefits of research, Mr Peter Doyle, the head of research warns: "We have to beware of pseudo numeracy. There is a lot of judgment involved in assessing the value of research."

The most widely used measure of a company's innovativeness is the number of patents the company has in the US.

This is an indirect and imperfect measure – the number of patents a company has depends upon corporate policies. The Japanese lodge more patents than European companies. German companies tend to patent more actively than the British.

An analysis of US patents divided into 34 technological areas by the Science Policy Research Unit at Sussex University, found that ICI was the most innovative British company by a long way.

ICI is among the top five British companies patenting in the US for 14 of the areas. It is followed by GEC and Lucas Industries, which figure in seven areas, and British Petroleum which is in six. ICI is among the top 20 companies worldwide in six of the 34 areas, with Lucas and GKN trailing well behind.

However at first sight the comparison with its German competitors is less flattering. ICI's patents in the US declined from 1,853 in 1969-74 to 784 in 1981-86, compared with a rise at Bayer from 2,656 to 2,756, Hoechst from 1,515 to 1,759 and BASF from 1,083 to 1,595.

Hoechst and Bayer figure among the top 20 US patenters in 10 areas and Dupont, the US group, is in the top 20 for 14 areas.

ICI's retort is that its patents are of higher quality than those of its competitors. It has shifted research out of declining areas into sectors of growth.

The SPRU researchers found that 12.5 per cent of ICI patents were in fast-growing product areas between 1981 and 1984 compared with 2.2 per cent between 1969 to 1972. Bayer, Hoechst and BASF all have a lower share of patents in fast-growing areas.

The SPRU study also found that in spite of having a lower number of patents ICI has a technological lead in 10 areas of the chemical industry, compared with seven at Bayer and BASF and eight at Hoechst.

This seems to bear out the claims of ICI managers that they have targeted R&D spending more effectively, with spending on biological areas doubling in the past decade to 53 per cent of the total budget.

Industrial chemicals, which a decade ago claimed half the budget, now takes just 16 per cent. The biological research has, since 1985, been responsible for the creation of the first biodegradable plastic and Quorn, the meat substitute.

However, a senior scientific adviser to the company cautions against complacency. He comments: "It has been more effective in traditional areas than in speciality chemicals."

A separate analysis of ICI's patents by CHI Research, based in the US, shows that its patents are of high quality.

Its patents are cited in the patents of other companies more frequently than those of Bayer, Dow, Hoechst, BASF and Ciba Giegy. ICI's research has been more fundamental to innovation in the industry.

ICI also appears more productive than its competitors in developing new products. The median age of ICI patents is 8.4 years, compared with nine at Bayer, 9.6 at Hoechst and 9.3 at BASF.

These analyses suggest that ICI lags behind Dupont, and its research is on a slightly smaller scale than the German chemicals combine but it compensates by being more selective and producing higher quality innovation.

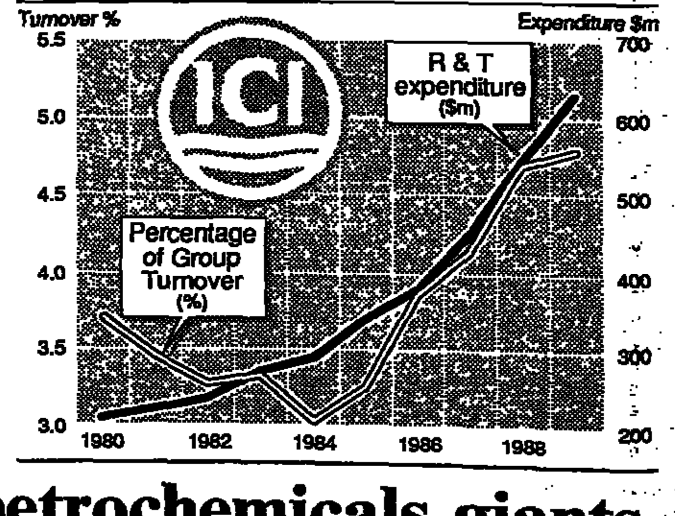
However, there are two further comparisons which may point to future weaknesses.

First, ICI is a relatively weak innovator of production processes. Dupont, Dow, Hoechst and Bayer are all in the top 20 companies with patents for chemicals processes. ICI is not.

Second, in common with other European chemical companies, ICI is being outspent on R&D by smaller Japanese competitors in an increasingly tough race.

Mr Freeman says: "Five years ago we were spending a higher proportion of turnover on R&D than they were. Now in some areas they are spending more than 50 per cent more than us as a proportion of turnover."

ICI's Research & Technology expenditure



Advanced plastics prove too expensive

ICI's CURRENT reorganisation involves the abandonment of huge investments the company has made in advanced plastics, which it had hoped would eventually replace special steels and thermo-set composite materials in the manufacture of aeroplanes and automobiles, writes Robert Peston.

It has just announced it is pulling out of the production of Poly-Ether Sulphone, or PES, which is a non-flammable engineering thermoplastic (ETP).

ICI is closing a plant immediately at Fayetteville, North Carolina, although the British manufacturing site at Hillhouse, Lancashire, will continue producing for another year.

Mr David Oxley, a director of Chem Systems, the chemical industry consultancy, says ICI's biggest mistake in its PES venture was in not putting enough resources into marketing the product. As a result, it allowed General Electric to gain a stranglehold on the automotive market with a competitive product.

Analysts say ICI has invested a total of £100m over a decade in developing this product alone. It is not pulling out of all advanced materials, but total write-offs are likely to be far bigger when it has completed the reorganisation of these operations.

The director of a rival chemicals company says that all materials manufacturers under-estimated how long it would take for the new thermo-plastics to become commercially successful. "The appropriate time horizon was really 15 to 20 years, not five years", he says.

He adds that they failed to recognise the inertia of customers in the aerospace and automotive industries, who had only just got used to replacing aluminium with thermo-set composites made of carbon fibre and were not ready for a further change.

ICI trusted that the technological superiority of its thermo-plastics would automatically generate sales.

A director says the company failed to appreciate that many advanced plastics were not significantly different from a glut of competing products.

But if ICI could be forgiven for that mistake, it did make one serious strategic error. It paid too much for Fiberite, a producer of thermo-set materials in their unfinished state, or pre-pregs.

Fiberite was bought in 1984 as part of its $750m (£457m) acquisition of Beatrice Chemical of the US. Analysts say that the implied purchase price of Fiberite was probably $150m and a similar sum may have been spent on establishing a new plant in Texas, another in Germany and a joint venture in Japan.

Pre-pregs, made of woven carbon fibres and resin, are used to make aeroplane parts such as tail fins and wing flaps. The manufacturing process involves many hours of moulding. ETPs on the other hand can simply be stamped into shape.

ICI bought Fiberite to gain access to customers in the aerospace industry that it thought would one day buy its ETPs. Rivals say that breaking into the aerospace and automotive market is difficult. Buying a company with established customer relationships was sensible. But in other respects Fiberite was not a good business for ICI.

ICI is at a competitive disadvantage in the manufacture of pre-pregs because it has to buy most of the feedstocks from rival chemical groups.

"ICI produces an insignificant proportion of the added value in thermo-set", said an analyst. "The intrinsic profitability is therefore small".

So if ICI is reducing its commitment to thermo-plastics, there is little point in keeping Fiberite.

Ironically, many analysts and chemical company directors are convinced that the manufacture of thermo-plastics and advanced composite materials will be a huge industry in the next century. "But it will be dominated by Japanese companies, because they are the only ones prepared to tolerate years of poor results and losses", says the director of a European materials business.

Some ICI executives are fighting a rearguard action to preserve the thermo-plastics business. They remember when ICI's pharmaceuticals and agrichemicals businesses, the heart of ICI today, were small lossmakers.

But the tide is against them. ICI has just introduced a new process of evaluating its newer businesses. Every year, each embryo business is being reviewed by the executive directors, to ensure they are hitting their targets. Some, like PES, will be aborted.

Dividend policy unlikely to create shareholder loyalty

IF ICI faces a hostile takeover bid, it will not be able to rest its defence on its financial performance. Its record of rewarding shareholders over the past decade is only marginally better than the average for its industry writes Robert Peston.

In the ten years from 1981 to 1990, ICI's dividends were increased at an annual compound rate of 12.5 per cent. That is significantly faster growth than was managed by all its main competitors in the chemical industry.

But performance does not look nearly so good if adjustment is made for inflation. In real terms, ICI's dividends were raised 6 per cent a year, which still compares well with a 2 per cent real annual increase achieved by Du Pont, the biggest US chemicals group.

However, ICI's payout rate is not significantly superior to the big German chemical groups, Bayer, Hoechst and BASF. This is surprising, since most financial analysts say the German companies neglect shareholders' interests in favour of employees' and other social obligations.

BASF makes a particularly interesting comparison. It has tended to concentrate far more than ICI on the manufacture of heavy chemicals. The received wisdom in the early eighties was that the profitability of these products would be on a steep declining trend.

ICI, by contrast, invested hundreds of millions in the past decade on speciality chemicals, sales prospects of which were thought to be far better. In that sense, ICI is regarded by analysts as having better quality businesses than BASF.

Yet in real terms, ICI's dividend record since 1981 is little better than BASF's, with an annual increase only 1 percentage point higher.

German companies are less fearful than British ones of alienating their shareholders by cutting their dividends. So when the pre tax profits of both ICI and BASF slumped in 1990 – by 36 per cent and 37 per cent respectively – ICI maintained its dividend while BASF cut its payment. Without this reduction, the two companies dividend performance would have been similar.

Though the financial performance of the German companies is superior, their share price performance is worse. Over a ten year period and translating all prices into dollars, Du Pont's shares have performed best, followed by ICI and then BASF. However in their respective currencies ICI ranked first.

Mr Martin Glen, an analyst at Lehman Brothers, the US securities house, points out that compared with the average rise in their respective markets, ICI has done much better than the Germans in the past decade.

Before its price was pushed up by Hanson's acquisition of a 2.8 per cent stake, ICI shares had kept pace exactly with the FT All Share index, whereas BASF had trailed the Frankfurt DAX index by 40 per cent.

The story is the same over a shorter period. From the beginning of 1986 to May 13, Dupont's share price rose 10 per cent more than ICI's, which in turn rose 33 per cent more than BASF's.

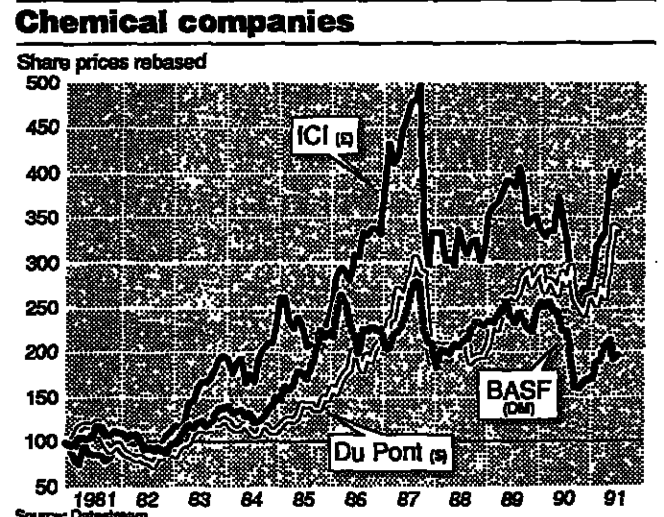
And how does ICI compare with Hanson, the business philosophy of which is that shareholders come first and success is measured in share price movements?

Over ten year and five year periods, and excluding the dramatic fall in its share price since it announced its interest in ICI, Hanson wins by a mile. However, since the beginning of 1990, it has risen only 2 per cent faster than ICI.

But if the measurement period is brought up to date, ICI's shares have done 25 per cent better than Hanson's since the start of the decade.

Lord Hanson must calculate whether that is the market's final verdict on his investment.

Chemical companies



Source: Datastream

Managing with being small in a world of petrochemicals giants

By Clive Cookson and Robert Peston

ICI HAS been caught out by the impact of a temporarily high oil price, strong sterling and the recession on its petrochemical and other industrial chemical interests.

To restore profitability, it is closing lossmakers and selling peripheral businesses.

However, its petrochemical production chains are so interdependent that if some parts are sold, the economic and technical viability of the rest might collapse.

So demerger or sale of the whole division, which was originally considered in the late eighties, has returned to the agenda.

ICI is one of the smaller players among the world's petrochemicals giants. Its sales of petrochemicals and plastics – running at £2.5bn to £3bn a year since the mid 1980s – compare with £6bn for Shell, the world's largest petrochemical manufacturer, and a total global production of £100bn.

ICI is bound to slip down the size league over the next decade, even if the company decides not to divest itself of any petrochemical assets. It is one of the very few petrochemical producers that is not planning or carrying out significant investment in new European plant.

Although petrochemicals are a sector where the giants clearly benefit from economies of scale, technical analysts say the operating efficiencies of individual ICI plants compare well, on the whole, with their competitors.

But the economics of the business are generally less favourable for ICI and other chemical groups such as BASF and Hoechst than for oil companies such as Exxon and BP which have taken an increasing share of the world petrochemical market over the last two decades.

As a senior ICI executive said: "We see the oil companies as having something of an inherent advantage because they can take the profits up or down the chain."

The core of ICI petrochemical production is on the north-east coast of England at Teesside. The process starts at the North Tees crude oil refinery, which has a processing capacity of 5m tonnes per year and is a 50:50 joint venture with Phillips Petroleum of the US.

The refinery – medium-sized by oil industry standards – was built in 1966. It makes a variety of gas and oil products, including fuel for Phillips customers in the heating and transport industries, and naphtha, ICI's main petrochemical feedstock.

Next door to the PIP refinery is ICI's wholly-owned North Tees Aromatics Complex. It converts naphtha into 750,000 tonnes a year of "aromatics" such as benzene, toluene and xylenes. These chemicals are raw materials for making fibres, plastics, paint, insulating materials and dyes.

ICI has several integrated production chains leading from the aromatics complex. A particularly important chain for ICI takes xylenes and converts them to pure terephthalic acid (PTA), the key intermediate for polyesters.

ICI's two PTA plants – built at Teesside in 1973 and 1981 – produce 500,000 tonnes a year. PTA is the one petrochemical product that ICI has chosen for global expansion; it is building a new PTA plant in Taiwan and planning one in Thailand.

The aromatics complex was built in 1969 and, although it was updated during the 1980s, ICI's own technical staff and external consultants say it will need considerable further modernisation to remain competitive during the 1990s.

The aromatics sector would be the most difficult part of ICI's petrochemical activities to run as a cash cow without significant new investment.

In contrast, the Olefine Plant at Wilton on Teesside, owned 80 per cent by ICI and 20 per cent by BP Chemicals, is among the most efficient in the world. It breaks down naphtha and gas feedstocks into ethylene and propylene – key building blocks for synthetic fibres, plastics, detergents and anti-freeze.

The Olefine plant has Europe's largest petrochemical "cracker", completed in 1980 and capable of producing 800,000 tonnes a year of ethylene and 400,000 tonnes of propylene.

According to Chem Systems, international petrochemical consultants, ethylene production costs varied from DM540 (£183.60) to DM740 per tonne in Europe in the second quarter of 1991. Mr David Glass of Chem Systems says the Teesside cracker is among the cheapest producers and is likely to be giving ICI a positive cash flow of £80m a year on today's margins.

More than half the world's ethylene is used to make polyethylene (polythene), the most widespread industrial plastic. But that does not apply to ICI, which swapped its polyethylene capacity for BP's PVC in 1982. Half of ICI's ethylene goes ultimately to make PVC (through its European Vinyls Corporation joint venture with Enichem of Italy) and the other half ends up in a wide range of organic chemicals.

All the propylene produced by the Teesside cracker is used to make polypropylene, a plastic with a wide range of industrial and consumer applications. ICI runs two polypropylene plants, at Wilton on Teesside and Rozenburg in the Netherlands, each with a capacity of 150,000 tonnes a year.

ICI has licensed gas phase technology from BASF of Germany to make its polypropylene. According to Chem Systems, European polypropylene production costs ranged from DM1,000 to DM1,400 per tonne for the second quarter; ICI is among the cheaper producers. Even so the combined effects of the recession and worldwide overcapacity have driven polypropylene prices so low that ICI is probably doing no better than breaking even on its production at present.

ICI may withdraw from polypropylene, though it could not expect a good price, with many industry experts forecasting that overcapacity will persist at least until 1995.

Whether ICI could have a long term future in petrochemicals without polyethylene or polypropylene is doubtful.

As Mr Henry Rowson, a director of Trichem Consultants, puts it, "this is an industry where it pays to be big. There are no mini-petrochemical businesses."

UK COMPANY NEWS

Evode comes unstuck as profits fall 58% to £3m

By Jane Fuller

EVODE Group, the adhesives, coatings and plastics concern, suffered a 58 per cent fall in interim pre-tax profits as demand fell from its customers in the building, consumer goods and motor sectors.

As signalled in a profit warning in early June, pre-tax profit fell to £3m (£7.2m) in the six months to March 30.

The interim dividend was maintained at 1.78p, although it was not covered by fully diluted earnings per share of 1.28p (5.46p).

The group was £400,000 in the red after dividends paid on the convertible and dollar preference shares.

After the ordinary share payment the retained loss was £1.7m (£2.3m profit).

Turnover was flat at £137.8m, against £137.1m, including £12.6m from two US PVC businesses bought for £24m a year ago.

Mr Andrew Simon, chairman, said like-for-like sales were 9 per cent down, hence the 38 per cent fall in operating profit to £6.5m (£10.5m).

Interest costs rose to £3.7m (£3.3m). Net debt had grown from the year-end level of £41.6m, gearing of 69 per cent, but was no higher than the previous interim figure.

Mr Simon said 45 per cent of group turnover lay in the UK and a third of that was related to the building industry.

This had affected the adhesives and sealants division, where operating profit fell by £1m to £1.3m.

Another £1m fall, to £1.2m, came in industrial coatings. The UK powder coating market had fallen by 17 per cent in the first quarter of 1991.

Plastics declined to £800,000 (£1.4m) and Chamberlain Phipps shoe components to £1.1m (£2m).

Other parts of Chamberlain, acquired in May 1989 in an £80m-plus all-paper deal, had been absorbed into other divisions.

Mr Simon said the disposal of non-core businesses should bring in £20m, but only part by the year-end.

● COMMENT

Yesterday's opening price of 45p was about a quarter of the level when Evode completed the Chamberlain deal. Some former Chamberlain shareholders must be wishing they had accepted Bowater's rival cash offer. It is small comfort that the interim dividend was held because there seems little hope that the final will be maintained – as suggested by the historic yield of 17 per cent. Having overstretched itself on acquisitions, it was a pity that more balance sheet details were not available to assist judgment of the group's state. Those who believe the corner has been turned say the high gearing makes it a good recovery play. Others are more cautious. Evode has been less resilient than might have been expected from its spread of markets. A full-year forecast of £7m (£15.2m) pre-tax gives a prospective p/e of nearly 17 on yesterday's close of 51p. This looks quite high enough until some of the uncertainty is removed from the recovery scenario.

Mystery deepens around 'sacked' Spurs chief

By Jane Fuller

THE MYSTERY surrounding the position of Mr Ian Gray, managing director of Tottenham Hotspur, deepened yesterday.

Following a telephone conversation on July 5 with Mr Alan Sugar, new chairman of the company – which owns the Tottenham Hotspur football club – Mr Gray believed he had no job.

He had hired a solicitor to press his claim for two years' salary – at least £110,000 – and other benefits arising from the remaining two years of his three-year contract.

Yesterday Tottenham put out a statement saying "Mr Ian Grey [his name was spelt incorrectly] is and remains managing director of the company." The news came via Michael Joyce Consultants, Tottenham's new public relations representative which also acts for Mr Sugar's company Amstrad.

Mr Gray had not, however, been contacted by Tottenham and only learnt of the development from the Financial Times. Mr Sugar was not available for comment yesterday.

Mr Gray's job title changed to managing director last month when Mr Terry Venables, former team manager, became chief executive. Mr Sugar and Mr Venables have bought 36 per cent of the equity and have been forced to bid for the rest.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Berkeley Govett	int	8.5♠	Aug 21	7	-	19
Bespak	fin	5†	Oct 7	4.4	8	7
Evode	int	1.78	Sept 27	1.78	-	6.42
Independt Inv Co	fin	0.45	Oct 9	0.25	0.45	0.25
Kitty Little	fin	0.325	-	nil	0.575	0.575
Wentworth Intl §	fin	0.1†	-	1	0.1	1

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♠Gross US cents.

Berkeley Govett up 15%

By Norma Cohen

BERKELEY Govett, the Jersey-based financial services group yesterday reported a 15 per cent rise in pre-tax profits and an increase in its dividend.

Profits for the six months ended June 30 rose to $26m (£15.5m) compared with $22.7m the year before, while the gross interim dividend has been increased to 8.5 cents against 7 cents.

Total income fell to $23.9m ($26.9m). Earnings per share are shown as 26.6 cents compared with 23.8 cents.

The increase in profitability reflects the use of an "embedded value" system of accounting by the company's US-based insurance arm, London Pacific Life & Annuity. The accounting system recognises the discounted value of future profits on London Pacific's major product, single-premium deferred annuity plans.

However, even without recognising the embedded value of its assets, London Pacific would have recorded a small profit for the six-month period, the first time it has done so since its formation in April 1989.

Separately, Berkeley Govett said it will launch an American Depository Receipt programme later this year to broaden US ownership of its shares.

NEWS DIGEST

Yorkshire Water chief boosts pay

SIR GORDON Jones, chairman of Yorkshire Water, received a £44,000 pay rise in 1991.

The 59 per cent advance, to £119,000, was revealed in the company's annual report published yesterday.

In its first full year in the private sector, Yorkshire reported pre-tax profits ahead of expectations at £114.1m. Turnover amounted to £388.9m.

Sir Gordon has already put on record his defence of the salary increases received by chairman of the water companies in the year following privatisation in a letter to the Financial Times.

In the letter, published on July 10, Sir Gordon stressed that in the prospectuses it was explicitly stated that the salaries of chairmen and executive members would be adjusted "towards a more market-related basis after privatisation."

● Mr John Bellak, chairman of Severn Trent Water, received a 68% pay rise taking his annual package to just under £150,000, the company's annual report revealed.

Chief executive Roderick Paul received a 48% rise putting his pay at £159,000.

Wentworth Intl advances to £1.21m

Wentworth International Group, the USM-quoted polythene and packaging manufacturer, reported profits before tax more than doubled from £451,000 to £1.21m in the year to end-March 1991.

The figure was struck on turnover up 24 per cent from £13.63m to £16.92m. Costs related to acquisitions resulted in an extraordinary charge of £232,000 (£87,000).

A change in the capital base after the rights issue in August meant that earnings per share were down from 2.84p to 1.7p, and a final dividend of 0.1p (1p) is proposed.

Burton board comes under fire

Shareholders of Burton Group, the fashion retailer and owner of the Debenhams department store chain, yesterday approved the company's £161m rights issue at an extraordinary general meeting.

The meeting was marked by calls for the board's resignation.

Kitty Little rises to £167,000

Kitty Little Group, manufacturer of fragrant gifts, air fresheners, and self-selection reading glasses through its Magnivision subsidiary, boosted pre-tax profit from £33,000 to £167,000 in the year to January 31.

A final dividend of 0.325p (nil) is proposed, making an unchanged total of 0.575p. After a tax charge of £149,000 (£11,000), earnings per share came out at 0.19p (0.23p).

Devenish sells Redruth brewery

JA Devenish, the west country brewer which last month successfully fought off a takeover bid by Boddington, has sold its Redruth brewery in Cornwall to a management team for £700,000.

The team, led by former directors, Mr Paul Smith and Mr Tony Wharmby, will continue with some brewing and packaging contracts previously undertaken by Devenish and plan to develop their own craft brewing operation.

Bespak ahead 13% to £4.42m

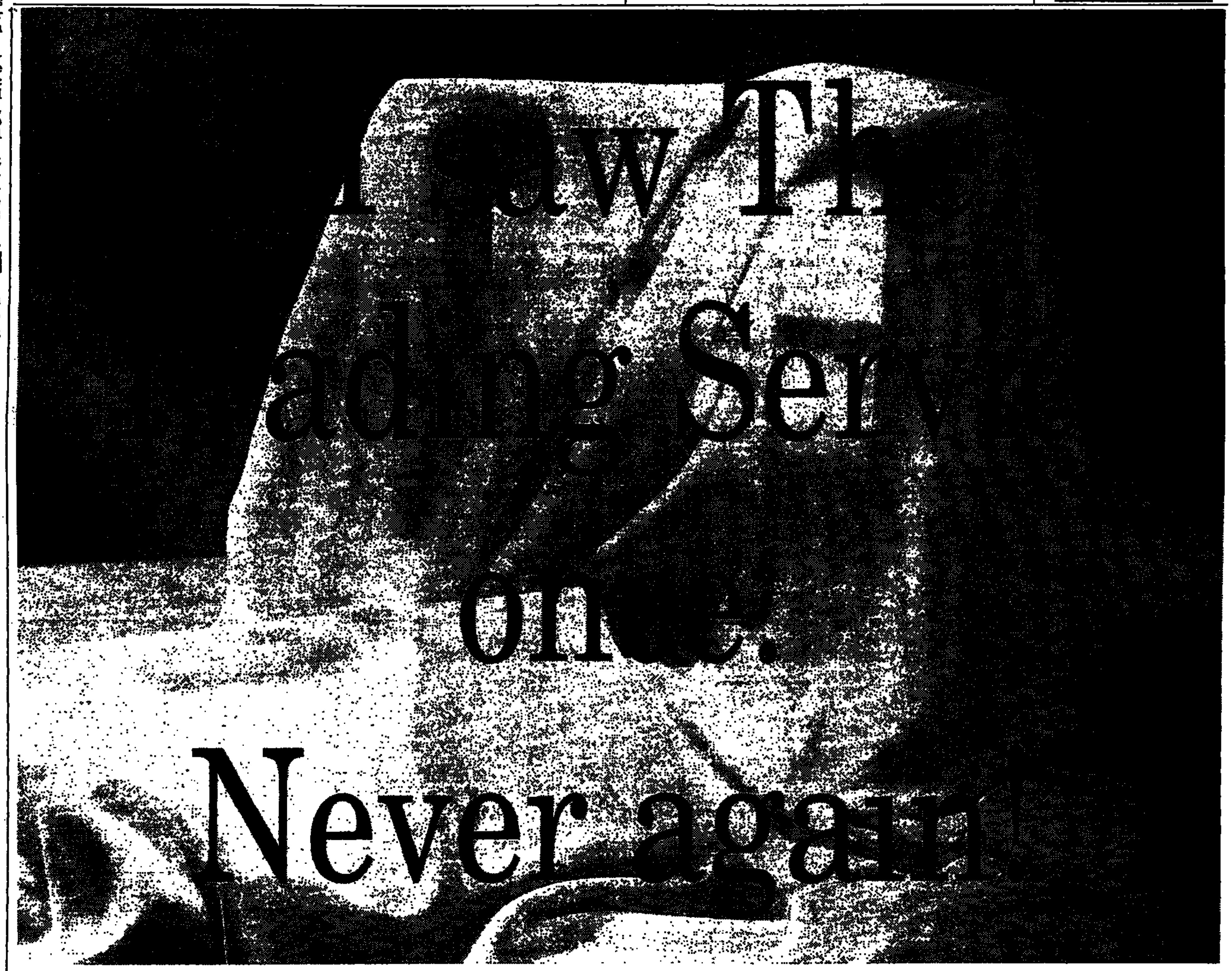
Bespak, the maker of specialised valves and other engineering components for the pharmaceutical industry, lifted pre-tax profits by 13 per cent from £3.91m to £4.42m in the 53 weeks to May 3.

Thanks to a lower tax charge of £1.21m (£1.28m), earnings rose 17 per cent to 22.7p (19.4p) per share. The total dividend is raised by 1p to 8p with a proposed final dividend of 5p (4.4p).

Independent Inv net assets drop to 54.8p

The Independent Investment Company, part of Ivory & Sime, saw a decline in net asset value over the year to June 31, falling from 66.6p to 54.8p.

Earnings per share were 0.71p (0.26p) and a final – and only – dividend of 0.45p (0.25p) is proposed.



Lonrho statement sparks talk of platinum cartel

By Kenneth Gooding, Mining Correspondent

SPECULATION WAS rife in the precious metals market yesterday that South Africa and the Soviet Union were working towards some kind of cartel for platinum group metals.

This arose after Lonrho South Africa, third-largest of the western world's platinum group metal producers, said it was having wide-ranging technical and marketing talks with Glavalmaz Zoloto, the organisation responsible for the Soviet Union's precious metals production and sales.

The announcement was so unusual that some analysts suggested Lonrho might be acting as a stalking horse for all the South African platinum producers and that the talks might lead to a cartel similar to the one for rough (uncut) diamonds organised by De Beers of South Africa. De Beers has a five-year contract to market the Soviet Union's diamonds.

But the platinum price showed little reaction, closing in London yesterday only 35 cents up at $379 a troy ounce after a day of very quiet trading.

South Africa is the world's biggest platinum group metals producer and the Soviet Union is the second-largest. However, the Soviet Union produces more palladium than platinum and, like Lonrho SA, is also a big producer of rhodium. All these platinum group metals are essential in automotive catalysts, used to clean up car exhaust fumes.

Analysts pointed out that the Soviet Union was under tremendous pressure to maximise its foreign earnings at a time when platinum and palladium prices were weak and rhodium was slithering down fast from a recent peak caused by supply problems. "It would certainly help the South African industry if the Soviet Union could be persuaded to withhold metal from the market," said one.

Lonrho South Africa is South Africa's third-largest producer. Impala Platinum, the Gencor subsidiary which is the second-largest, owns 25 per cent of Lonrho SA and the industry believes the two are working towards an even closer relationship.

Mr Paul Spicer, a director of the parent Lonrho company in London, said yesterday talks had been going on for about 18 months about the possibility that his company and the Soviet industry might co-operate over the very complex refining processes associated with platinum group metals.

He said Lonrho might also assist with the Soviet industry's marketing, which he suggested was relatively unsophisticated.

However, other platinum industry participants said there seemed to be little marketing room left for Lonrho. Soviet platinum was sold through Almaz, the precious metal export agency, mainly on contracts to end users, and by the Bank for Foreign Economic Affairs.

Almaz also recently set up a joint company with Salomon Brothers, the US investment bank, to market platinum group metals in North America.

Technical rethink at Canadian smelter

By Bernard Simon in Toronto

COMINCO, THE Canadian base metals producer, has failed to resolve technical problems plaguing its new lead smelter at Trail, British Columbia, and is taking a closer look at alternative processes.

Cominco said in a statement that recent tests by Lurgi, the West German supplier of the QSL technology used at Trail, had confirmed that natural gas could be used as a reducing agent in the smelter.

But it said that "other factors affecting plant operating availability and throughput were not conclusive". These appeared to include problems with the gas injectors and refractory stabilising systems.

As a result, the QSL process was not yet able to meet Trail's requirements. Cominco said that alterations to the smelter, which was shut down in March 1990 after only three months in operation, had been put on hold.

While further tests are conducted at a pilot QSL smelter in Stolberg, Germany, Cominco has decided to send a small shipment of residues from Trail to a pilot plant in the Soviet Union using the rival Kivcet technology. The Kivcet tests will be conducted later this year. A Cominco official said the company was also still examining the Isasmelt process, developed by the Australian mining group MIM.

The Canadian company faces a decision whether to start writing off at least part of its investment in the QSL smelter. The cost was initially set at C$130m, but the extra work required on the plant will push the final bill substantially higher.

Cominco has renewed its contract with Lurgi, but the official declined to say what legal steps were being contemplated against the German company, a subsidiary of Metallgesellschaft, the German metals group, which is also a shareholder in Cominco.

Cominco continues for the time being to rely on its old smelter at Trail, which was due to be replaced by the QSL one. The old smelter is currently operating at a rate of 110,000 tonnes a year, compared with the 160,000-tonnes-a-year target for the new plant.

EC offers charter for inefficiency

Proposed reforms could lift the cost of food as well as farm support

FARMER'S VIEWPOINT

By David Richardson

LET THERE be no doubt: the plans for reforming Europe's farm policy proposed by Mr Ray MacSharry, the European Community's Agriculture Commissioner would, in the words of Mr John Gummer, the UK Agriculture Minister, "institutionalise inefficiency". Small, hopelessly non-viable holdings across the community would attract substantial sums to stay as they were while efficient farms would be penalised, some of them to the point of destruction.

Furthermore, Mr MacSharry goes so far as to concede that his plan would in the short term increase rather than decrease the cost to EC taxpayers of financing the community's Common Agricultural Policy. By preserving inefficiency and discriminating against efficiency I suggest he would be ensuring that the cost of agricultural support and/or the price of food would also rise in the long term.

In spite of all this, however, his proposals have been widely welcomed as a "basis for negotiation". This can only be interpreted as meaning the end result will be at the very least similar to the document on the table and that the development of agriculture across the community will go into reverse.

Would there have been the same kind of welcome for a plan proposing that the motor industry should return to the methods of Henry Ford when he made his Model T? Should builders be asked to erect houses and office blocks using wattle and daub? Should accountants ditch their calculators and return to the abacus?

The answers are obvious. So why should agriculture, which concerns, may I remind readers, the production of that most essential commodity, food, be any different?

I must make it clear, however, that my deep objections to the MacSharry plans do not mean that I want to maintain the status quo. Indeed, I and many other farmers have advocated CAP reform for years.

As long ago as 1984 I called for the compulsory setting-aside each year of 10 per cent of the land across the European Community. At that time, I calculated that 10 per cent would be sufficient to bring supply and demand into balance within a few years.

My form of set-aside would have been rotational, so that different fields were left fallow each year, giving farmers the opportunity to cultivate them and eliminate weeds by mechanical rather than chemical means. The compensation paid would have been lower than any of the schemes currently in operation and would therefore have been less of a burden on tax-payers and less disruptive of farm rents.

I was told at the time that my proposal was too complicated, too expensive and too difficult to administer. The present proposals are so complicated that no-one fully understands them; they will, as previously explained, cost even more than the present CAP and it is already clear that administering them will be a bureaucratic nightmare, absorbing the greater proportion of the extra cash it is said will be required.

Mr David Naish, president of Britain's National Farmers' Union, has, in fact, demanded that the MacSharry plan be abandoned and that when the agriculture ministers meet again in September they should consider the alternative of voluntary supply management. This is a proposal which originated with the NFU and has since been unanimously adopted by Copa, the confederation of European farmers' unions.

It contains some of the same elements of set-aside that appear in the MacSharry plan in order to reduce production but would not be compulsory. It would include compensation for acres taken out of production on big farms as well as small but the total cost, it is claimed, would be lower than that for Mr MacSharry's proposals. Moreover, it would not discriminate against farmers in the UK.

Whether the agriculture ministers or the commission will respond to Mr Naish's demands remains to be seen. I am bound to say that I think it is unlikely, in spite of the lobbying to which they will be subjected both before and after they take their annual holidays. As they pack their swimming costumes and head for distant beaches, however, I would leave them with one or two thoughts on which to ponder as they sun themselves. For whatever reform package is eventually agreed, I would argue that it must enable genuinely efficient farmers to survive.

That does not mean I seek a licence to splash sprays all over crops or to fertilise with gay abandon. It does, however, mean optimising the use of such inputs within the limits of safety and economy. And I would remind the ministers and their advisers that in the UK, according to government statistics, the use of nitrogenous fertilisers fell by 4 per cent between 1985 and 1990 and that the quantity of pesticide active ingredient fell by 14 per cent during the same period.

I would also ask the Eurocrats to think of a way whereby socio-economic matters could be separated from the Common Agriculture Policy. In other words, if it is desirable to maintain a peasant with two cows and a dozen sheep half-way up a mountain, and I recognise that these are reasonable social and environmental objectives, then this should not be charged to the CAP.

There is one final fundamental matter which they should consider. In Western Europe, we have been fortunate in having food enough and to spare – at least since the shortages of sugar and potatoes of the mid-1970s. There is now widespread acceptance, however, that we can afford to allow 15 per cent of our arable land to run wild with weeds and scrub.

As the last few years of limited set-aside have proved, nature abhors a vacuum and uncultivated land becomes a jungle within months. What nobody knows is how long, should the need arise, it would take to rehabilitate such land and bring it back into full production.

One thing is certain; it could not brought back into full production overnight; even under ideal circumstances, there could be a two to three-year time-lag. If, in the meantime, however, much of the farm labour force had been forced off the land by economic circumstances; if farm machinery had become old and out-dated and if most of those who made it had gone bust, Europe could find itself facing a much longer period of shortage. I urge the policy makers not to discount that possibility.

Aluminium shortage forecast

By Kenneth Gooding

ONE THIRD of the western world's aluminium production capacity is uneconomic at today's prices, according to the Anthony Bird consultancy organisation. It warns that "low metal prices now will mean a return of inflated metal prices later."

Bird expects prices to rise slowly at first but to reach 88 US cents a lb by 1993 (in today's money and at today's exchange rates), rising to 108 cents by the middle of 1994. "Exchange rate movements might inflate the price rise significantly but aluminium prices at that level will not be sustained into the longer term – any more than today's miserable metal prices can be sustained once the economic recovery gets going."

Bird says that today only about 10m tonnes of primary aluminium capacity is covering operating costs, let alone making a return on capital. "The economics of new smelters suggest that a price of 77 cents to 83 cents a lb is needed to balance supply and demand in the longer term, although the exact figure is very sensitive to exchange rate movements. Actual prices have been well below that range for months," it points out. Aluminium for delivery in three months closed on the London Metal Exchange at 60 cents a lb last night.

Bird says low prices are causing output to be cut too sharply. "By early 1992 the supply-demand balance will move back into deficit where it will remain and by 1993 the supply situation will once more start to become uncomfortably tight. This will be reinforced by the fact that the rate of investment in new capacity is now much less than the industry needs in the long term."

The industry has been slow to respond this year to low prices and western world stocks are likely to reach 2.7m tonnes by the end of 1991, Bird says. At the last peak, in February, 1982, stocks reached 3.5m tonnes. During the 1988 aluminium shortage stocks fell as low as 1.4m tonnes.

Today's extraordinarily low prices have partly been caused by a flood of Soviet exports to the west, Bird points out. While Soviet exports will remain higher than usual for some years, the exceptional levels seen recently are unlikely to be maintained. This is because a recovery in the aluminium-using industry in the former eastern bloc countries can be expected and because there is every reason to suppose aluminium producers will not be able to escape as the Soviet economy falls further into chaos.

Aluminium Analysis, quarterly, £475 a year from Bird Associates, 193 Richmond Road, Kingston upon Thames, Surrey KT2 5DD, UK.

EC reform plan 'discriminates against UK'

By our Agriculture Correspondent

THE European Commission's proposed reform of the common agricultural policy would result in widely varying payments to farmers across the European Community with UK cereal, dairy and beef farmers all being discriminated against compared to farmers in both northern and southern member states

The proposed system for compensating farmers on the basis of average regional yield would mean above average levels of payment per hectare in the EC's more productive arable regions, such as eastern England, according to Agra Europe, the independent agricultural intelligence agency.

However, the commission's proposal to impose upper limits on compensatory payments on land set-aside would place British producers at a distinct disadvantage.

The commission's reform blueprint would cut cereal prices by up to 42 per cent over three years but farmers would be compensated through direct per-hectare payments. These would vary regionally according to land productivity. Compensation would be paid on the basis of income loss resulting from the cut in the support price, multiplied by the average yield per hectare in each region.

The proposals designate a basic compensatory payment of Ecu55 (£38) a tonne. But Agra Europe has calculated that on a per-hectare basis compensation would vary between Ecu328.35 a hectare for farmers in Belgium and only Ecu77.55 in Portugal, with Germany's at Ecu295.90, France's at Ecu319 and the UK's at Ecu303.60.

However, these variations would not be the end of the problem since small farmers would be exempt from the requirement to set aside land from compensation and the definition of "small" varies according to region (it depends initially on productivity rather than the land farmed).

Thus Agra Europe calculates on the basis of average national yields, the threshold for a "small" producer will vary between 15.4 ha in Belgium and 65.2 ha in Portugal. The calculations suggest that virtually every producer in Greece, Portugal, Spain and Italy would be exempted from the set-aside requirement. In Belgium, Germany, Ireland, Luxembourg and the Netherlands more than 80 per cent of all arable producers would be deemed to be small producers, while in France roughly three-quarters of farmers would qualify and in Denmark about two-thirds. Only in the UK, where the qualifying threshold is 16.7 ha, would producers qualifying for a set-aside exemption be in a minority.

Similar calculations show that in the proposed reforms for the beef and dairy sectors it would be the UK that would suffer most.

Drought sets back Indonesian sugar hopes

DROUGHT IS likely to cut Indonesia's sugar crop by 8 to 10 per cent this year and by up to 20 per cent in 1992, according to Mr Birowo, head of the Indonesian Sugar Council, reports Reuters from Jakarta.

Official estimates had originally put this year's crop at 2.3m tonnes of raw sugar, compared with a little over 2m tonnes last year.

The government hopes output will reach 2.7m tonnes in 1993 and has set 1994 as the target year to reach self-sufficiency, a goal viewed with scepticism by some traders, who say that demand will rise as the economy grows.

Mr Birowo estimated that imports of white sugar this year would be around 250,000 tonnes compared with an original target of 100,000 tonnes. But he said he was not particularly worried about importing sugar since world prices were so low. "It's cheaper to import than produce locally," he said. Imported sugar is about 30 per cent cheaper than locally-produced supplies.

CORRECTION

Welsh farm grant

Wynnstay and Clwyd Farmers has been granted just over 12 per cent towards the £160,000 cost of expanding a food-processing system by the Development Board for Rural Wales, not the full amount as stated on this page last Wednesday.

WORLD COMMODITIES PRICES

MARKET REPORT

Nickel fell on the LME on speculative selling and liquidation, and the market moved back into contango. Technical pressure has been alleviated by Friday's 1,884 tonne increase in LME warehouse stocks, although caution ahead of the August date will limit selling interest, dealers said. Aluminium prices closed at the day's lows ahead of today's stocks data. Initial forecasts were for a rise of around 5,000 tonnes but late in the afternoon there was talk from one quarter of further substantial arrivals in warehouses which could result in a net increase of over 20,000 tonnes. On the London bullion market gold drifted back below $370 a troy ounce. The market remains unable to break through stiff resistance in the $371-$372 area despite a strongly bullish chart picture. In Chicago soyabeans and maize were sharply higher at midday, with new-crop months buoyed by a growing belief that the rains forecast for later this week will bring little drought relief to mid-western growing regions, traders said. A recent forecast spoke of normal to above-normal rain and normal to below-normal temperatures, but the trade wants to see a change in the weather pattern before it sells because of the stubborn nature of the 1991 drought.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.55-6.60	-.125
Brent Blend (dated)	$20.00-0.10	-.175
Brent Blend (Sep)	$19.90-20.0	-.125
W.T.I. (1 pm est)	$21.80-1.85	-0.80
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$243-245	
Gas Oil	$168-169	+1
Heavy Fuel Oil	$73-75	
Naphtha	$193-195	-3
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$369.50	-1.25
Silver (per troy oz)♣	438.5c	-2.0
Platinum (per troy oz)	$379.00	+0.35
Palladium (per troy oz)	$85.50	+0.05
Aluminium (free market)	N/A	
Copper (US Producer)	103.5	+0.5
Lead (US Producer)	50c	
Nickel (free market)	Unq.	
Tin (Kuala Lumpur market)	15.39r	-0.04
Tin (New York)	263.5	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	109.15p	-0.41*
Sheep (dead weight)†	116.55p	-6.78*
Pigs (live weight)†	63.87p	-1.88*
London daily sugar (raw)	$276y	-4.0
London daily sugar (white)	$335.5y	-4.5
Tate and Lyle export price	£275.0	-2.5
Barley (English feed)	118.5z	+9.0
Maize (US No. 3 yellow)	£190.5	
Wheat (US Dark Northern)	Unq.	
Rubber (Aug)♥	53.25p	
Rubber (Sep)♥	53.75p	
Rubber (KL RSS No 1 Aug)	226.5m	
Coconut oil (Philippines)§	$485x	
Palm Oil (Malaysian)§	$347.5y	+5.0
Copra (Philippines)§	$295z	
Soyabeans (US)	£159x	
Cotton "A" Index	80.10c	-0.40
Wooltops (64s Super)	384p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Aug/Dec t-Jul/Sep u-Jul x-Jul/Aug y-Aug/Sep z-Aug. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	232.40	236.00	234.00 230.00
Oct	208.80	208.00	211.00 205.00
Dec	197.80	198.00	192.00
Mar	193.80	193.00	194.00 190.00
Aug	200.00	196.00	198.00
White	**Close**	**Previous**	**High/Low**
Oct	283.0	286.5	286.0 282.4
Dec	276.0	276.5	273.9 273.9
Mar	274.0	275.5	275.5 272.0
May	276.5	277.5	276.0 277.0

Turnover: Raw 422 (825) lots of 50 tonnes. White 260 (794)

Paris- White (FFr per tonne): Oct 1713 Mar 1658

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Sep	19.98	20.21	20.19 19.92
Oct	19.97	20.16	20.08 19.91
Nov	19.95	20.13	20.10 19.90
Dec	19.88	19.97	19.89 19.86
Jan	19.76	19.76	19.76 19.70
IPE Index	20.03	20.08	

Turnover 11651 (18229)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Aug	185.75	186.50	189.00 185.00
Sep	186.75	187.50	187.50 185.75
Oct	186.50	188.00	189.00 187.50
Nov	189.50	190.00	190.00 189.00
Dec	190.50	191.00	190.75 189.25
Feb	182.00	181.50	182.00
Apr	174.25	175.00	174.25 174.00

Turnover 4537 (19191) lots of 100 tonnes

TEA

There was strong general demand this week, reports the Tea Brokers' Association. The few bright liquoring teas on offer sold at about last rates. Medium descriptions were firm and often dearer. Central Africans remained about steady. Ceylons met good competition with price levels showing little change. Offshore teas sold readily at fully firm rates. Quotations: quality 125p/kg (300p), medium 86p/kg (135p), low medium 75p/kg (70p).

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Jul	596	598	597 595
Sep	609	615	621 609
Dec	648	657	660 647
Mar	685	694	697 685
May	708	714	717 706
Jul	725	734	738 723
Sep	744	754	757 742

Turnover: 3387 (3922) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Jul 19 790.95 (773.96) 10 day average for Jul 22 766.97 (764.57)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Jul	520	523	527 520
Sep	539	540	545 538
Nov	562	561	565 560
Jan	577	579	582 577
Mar	593	595	600 593

Turnover:1376 (4600) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Jul.19 : Comp. daily 64.11 (64.06). 15 day average 64.86 (65.01)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Nov	87.0		82.5
Mar	106.0		110.5 106.0
Apr	101.5	106.6	106.1 101.0

Turnover 432 (42) lots of 40 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Aug	121.00	120.50	121.00
Oct	123.50	123.50	123.50

Turnover 60 (65) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Jul	1525	1536	1540 1525
Aug	1535	1565	1560 1535
Oct	1620	1630	1635 1620
Jan	1625	1645	1625
BFI	1519	1526	

Turnover 211 (180)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Sep	111.30		111.45
Nov	114.75	114.75	114.75 114.70
Mar	121.45	121.45	121.45
May	124.40	124.60	124.55 124.40
Barley	**Close**	**Previous**	**High/Low**
Sep	109.50	109.65	109.50 109.20
Nov	113.25	113.40	113.25 113.00
Jan	116.75	116.90	116.75
Mar	119.25	119.40	119.00 119.00
May	120.80	121.00	120.80

Turnover: Wheat 118 (202), Barley 199 (43). Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Sep	94.0	90.3	94.0 90.0
Nov	99.0		98.0 97.0
Jan	96.0	94.8	96.0 95.5
Feb	99.0	95.8	98.0 98.0
Mar	100.0	97.5	97.5 97.0

Turnover:42 (69) lots of 3,250 kg

BIFFEX – London FOX

	Close	Prev.	High	Low	Vol
Indx	139.79	139.32			
Sep	140.90	140.70	140.90	140.90	50
Oct	141.30	140.60	141.30	141.30	45
Dec	142.00	141.30	142.00	142.00	35

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 18,941 lots
Cash	1291-2	1302-4		1295-6		
3 months	1324-5	1334-5	1327/1323	1328-9	1323-4	22,578 lots
Copper, Grade A (£ per tonne)						Total daily turnover 21,714 lots
Cash	1321-3	1315-7	1328.5/1327	1328-8.5		
3 months	1339-40	1332.5-3	1344/1337	1344-4.5	1339-40	31,725 lots
Lead (£ per tonne)						Total daily turnover 3,537 lots
Cash	321.5-2.5	322-3		320-1		
3 months	331.5-2.5	332-3	333/331	331-2	332-2.5	4,472 lots
Nickel ($ per tonne)						Total daily turnover 1,830 lots
Cash	8300-10	8420-40		8345-50		
3 months	8310-20	8420-30	8450/8310	8350-5	8315-20	1,828 lots
Tin ($ per tonne)						Total daily turnover 3,264 lots
Cash	5680-5	5665-70		5674-5		
3 months	5752-5	5760-65	5760/5750	5764-5	5750-5	1,601 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 3,264 lots
Cash	1064-6	1063-4		1070-2		
3 months	1075-6	1075-6	1090/1075	1080-2	1076-7	8,683 lots

LME Closing £/$ rate: SPOT: 1.6810 3 months: 1.6611 6 months: 1.6466 9 months: 1.6333

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	369.30-369.70	
Opening	370.10-370.50	
Morning fix	370.10	220.481
Afternoon fix	369.75	219.436
Day's high	370.20-370.60	
Day's low	369.30-369.70	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.53	6 months	5.45
2 months	5.50	12 months	5.45
3 months	5.50		

Silver fix	p/fine oz	US cts equiv
Spot	261.35	440.15
3 months	265.40	446.60
6 months	275.25	453.75
12 months	288.75	469.00

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	370.00-371.00	219.50-220.50
Maple leaf	378.00-379.00	224.50-225.00
New Sovereign	89.00-90.00	52.75-53.25

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1200	114	150	2	9
1300	37	79	24	35
1400	5	33	92	87
Copper (Grade A)	**Calls**		**Puts**	
2150	106	123	19	63
2250	48	74	58	112
2350	16	41	125	177
Brent Crude	**Sep**	**Oct**	**Sep**	**Oct**
1900		24	10	24
1950	80		25	42
2000	40	64	39	68

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	367.6	370.6	367.5	367.5
Aug	368.1	371.2	371.1	366.3
Sep	369.8	372.9	369.0	369.0
Oct	371.8	374.7	374.5	370.0
Dec	375.0	378.2	376.1	373.0
Feb	378.8	381.9	381.7	377.2
Apr	382.1	385.4	381.0	381.0
Jun	385.6	3388.9	0	0
Aug	389.3	392.6	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	376.1	377.5	378.0	378.0
Oct	381.6	382.5	383.5	381.1
Jan	385.8	386.7	387.0	386.0
Apr	389.7	390.7	391.5	391.5
Jul	393.6	394.6	394.5	394.5
Oct	400.7	401.7	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	432.5	438.6	439.0	432.5
Aug	432.7	439.0	0	0
Sep	435.7	442.0	441.5	435.0
Dec	443.2	449.8	449.0	442.0
Jan	445.1	451.7	0	0
Mar	451.4	458.1	457.5	452.0
May	457.0	463.8	0	0
Jul	462.7	469.6	0	0
Sep	468.8	475.8	471.0	471.0
Dec	478.3	485.4	484.0	480.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	99.40	99.60	100.20	99.30
Aug	99.70	100.00	99.85	99.50
Sep	99.60	99.80	100.10	99.35
Oct	99.30	99.45	99.25	99.25
Nov	99.00	99.10	99.05	99.05
Dec	98.65	98.75	99.10	98.30
Jan	98.30	98.40	98.40	98.00
Feb	97.95	98.05	98.05	98.05
Mar	97.55	97.65	97.90	97.45
Apr	97.30	97.20	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	21.78	22.16	22.00	21.72
Sep	21.83	22.17	22.04	21.75
Oct	21.71	21.98	21.90	21.65
Dec	21.45	21.63	21.57	21.40
Mar	21.02	21.15	21.10	21.00
Apr	20.87	21.02	20.97	20.85

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Aug	5910	5944	5940	5885
Sep	6015	6060	6055	6000
Oct	6120	6155	6160	6110
Dec	6315	6347	6350	6290
Jan	6320	6350	6350	6300
Feb	6315	6217	6215	6160
Mar	5927	5957	5975	5940
Apr	5730	5742	5730	5730
May	5570	5577	5570	5570

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	960	975	970	952
Dec	1018	1032	1030	1012
Mar	1067	1080	1079	1060
May	1098	1110	1100	1090
Jul	1122	1137	1132	1115
Sep	1151	1160	1157	1140
Dec	1189	1199	0	0
Mar	1235	1234	0	0
May	1265	1271	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	83.05	83.15	83.25	82.75
Dec	86.35	86.55	86.65	86.20
Mar	89.60	89.80	89.80	89.50
May	92.00	91.75	92.00	91.75
Jul	94.50	94.35	0	0
Sep	96.50	97.30	0	0
Dec	98.55	98.55	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	8.90	9.18	9.45	9.20
Mar	8.72	8.89	8.84	8.65
May	8.74	8.71	8.84	8.68
Jul	8.70	8.64	8.76	8.57
Oct	8.55	8.55	8.50	8.50

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	70.67	70.13	71.05	70.06
Dec	70.08	69.73	70.35	69.30
Mar	71.18	70.96	71.50	70.75
May	71.77	71.75	71.80	71.40
Jul	72.50	72.27	72.50	72.50
Oct	69.23	69.15	0	0
Dec	67.93	67.97	67.90	67.90

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	119.70	119.95	121.20	119.60
Nov	118.90	119.10	120.20	118.75
Jan	118.60	118.80	119.65	118.50
Mar	119.15	119.60	120.00	118.60
Jul	119.65	120.25	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

July 22	July 19	mnth ago	yr ago
1695.8	1700.3	1772.0	1799.4

DOW JONES (Base: Dec. 31 1974 = 100)

	July 19	July 18	mnth ago	yr ago
Spot	122.81	125.47	130.72	131.18
Futures	122.64	122.95	126.02	130.45

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	542/0	527/0	542/0	533/0
Aug	535/4	522/6	538/0	528/0
Sep	535/6	522/2	538/0	529/0
Nov	540/0	526/0	543/4	532/0
Jan	550/2	536/2	563/0	543/0
Mar	560/4	547/0	563/0	553/0
May	568/2	558/0	571/4	561/4
Jul	576/2	561/6	577/0	569/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	18.68	18.39	18.68	18.49
Aug	18.56	18.35	18.74	18.40
Sep	18.74	18.51	18.93	18.57
Oct	18.96	18.70	19.10	18.75
Dec	19.30	19.07	19.48	19.20
Jan	19.45	19.21	19.60	19.40
Mar	19.72	19.51	19.90	19.70
May	20.00	19.80	20.12	20.00

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	167.9	164.0	168.0	165.0
Aug	168.3	163.9	168.4	165.0
Sep	167.1	162.9	167.7	164.5
Oct	166.0	162.4	167.2	164.0
Dec	166.3	162.4	167.1	164.0
Jan	167.2	163.3	167.5	165.5
Mar	168.5	164.9	168.8	167.4
May	169.5	166.5	170.0	168.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	234/4	233/0	243/2	233/0
Sep	236/6	229/0	236/4	232/0
Dec	240/0	231/4	241/0	234/0
Mar	247/4	239/4	248/4	241/4
May	253/0	245/4	253/2	249/4
Jul	257/0	250/2	257/0	253/4
Sep	250/4	245/4	251/0	249/0
Dec	249/6	246/0	250/0	248/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	273/4	269/0	275/0	271/2
Sep	278/4	274/0	281/0	276/0
Dec	292/2	285/4	293/0	287/4
Mar	296/4	290/0	297/0	290/4
May	293/4	288/0	294/0	290/6
Jul	290/4	288/0	292/0	289/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	73.12	73.70	73.50	73.05
Oct	74.80	75.22	75.07	74.67
Dec	75.62	75.72	75.70	75.37
Feb	74.87	74.80	74.90	74.62
Apr	75.30	75.25	75.40	75.20
Jun	73.70	73.50	73.70	73.30
Aug	72.10	72.00	72.10	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	56.37	56.27	56.45	55.80
Aug	51.87	51.20	51.90	50.95
Oct	44.60	44.05	44.65	43.75
Dec	43.80	43.62	43.80	43.40
Feb	43.65	43.45	43.85	43.30
Apr	42.15	41.97	42.20	41.80
Jun	46.60	46.35	46.70	46.20
Jul	46.35	46.95	0	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	47.70	46.50	47.70	46.70
Aug	45.30	45.25	45.72	44.35
Feb	47.05	48.22	47.85	46.80
Mar	46.95	47.75	47.20	46.40
May	47.60	48.35	47.80	47.55
Jul	48.60	48.50	0	0

LONDON STOCK EXCHANGE

Equities rise on latest economic data

By Terry Byland, UK Stock Market Editor

FAVOURABLE news on the domestic economy lifted the UK stock market to new highs at one stage yesterday, but share gains were trimmed later when Wall Street continued to hesitate around the Dow 3,000 mark. The announcement, first of an unexpected gain of 1.3 per cent in June retail sales, and then of a £23m trade surplus on UK current account for the same month, drove the FT-SE Index to a new trading peak of 2,564.6 at mid-session; but trading volumes were very thin and London slipped back from its high as the New York market, down 11 points in London hours, drifted perilously close to the Dow 3,000 figure again. The FT-SE closed 17 points up at 2,558.5.

Market optimism towards indications of a recovery from the depths of the recession in the domestic economy was also given some mild encouragement by the latest business surveys from the Confederation of British Industry/Financial Times and from the London Chamber of Commerce. But share prices opened lower, with London investors disappointed by Wall Street's failure to advance on Friday.

London's upturn was fuelled once again yesterday by the stock index futures, where the September contract on the Footsie Index moved to a 35 point premium against cash in early trading and in late deals advanced towards a testing level of 2,600.

However, the UK market's response to the reports of improvement in the UK economy which it has been so keenly awaiting, was somewhat restrained. Trading volume across the full range of equities was disappointingly light, with Seaq-reported turnover at a mere 348.7m shares, the lowest Seaq daily figure for two weeks and a poor comparison with Friday's 441m total.

The stock market yesterday lacked the scattering of broker deals and share placings which have provided the features of the market in recent weeks, and have also provided the opportunities for the big institutions to add to their portfolios. Speculative interest in brand-name consumer stocks was revived, however, fuelled by renewed hints that a bid for a FT-SE 100 listed stock could be in the offing.

High street retail stocks attracted buyers, with the revival in confidence helped along by a buoyant statement from the UK Treasury. It said that the recession in UK retail sales was evidently coming to an end. This was good news to a stock market hoping that consumer spending will lead the economy out of recession.

But, with sterling little changed on the day, the blue chip manufacturing stocks had a quiet session, despite the move of the UK trade figures into surplus for the first time in more than four years. ICI, still seen as the trend leader for the broad range of the London market, made little move ahead of the trading figures which are due on Thursday.

The rise in the stock market yesterday appeared to reflect a wide range of background factors as well as the economic news of the day. The Conservative government has continued to recover ground in the public opinion polls, and there is still a general expectation that domestic interest rates and inflation will fall further before the end of the year.

At Kleinwort Benson Securities, Mr Roger Palmer believes that the London equity market is unlikely to break out into new high ground without confirmation from the US.

Account Dealing Dates		
*First Dealings:		
Jul 15	Jul 29	Aug 12
Option Declarations:		
Jul 25	Aug 8	Aug 29
Last Dealings:		
Jul 26	Aug 9	Aug 30
Account Day:		
Aug 5	Aug 19	Sep 9

*New-time dealings may take place from 8.30 am two business days earlier.

Boost for retail stocks

THE unexpected jump in June retail sales figures gave the stores sector a much needed boost, as well as giving heart to the rest of the equity sector, which is hoping that a revival in domestic consumer spending will lead the UK economy out of recession.

Among the leading high street names, Boots added 8 at 408p, Kingfisher 10 at 528p and Marks and Spencer 8 at 275p; there was a welcome increase in trading volume across the sector. However, there were signs that some investors had taken advantage of the rally to lighten their holdings of second-line stores stocks.

Late in the session there was a flurry of activity as 2.2m Burton shares changed hands at 40p and 1m Next were traded at 29p. Burton finished 1½ higher at 41½p, while Next was up a penny at 29p.

ADT falls sharply

Ever-volatile ADT, the Bermuda-registered car auction and security services group, fell quickly as cuts in profits forecasts from Lehman Brothers and Morgan Stanley triggered light selling and kept the buyers away. The shares dropped 55 to 535p, not helped by continuing, if vague, talk of difficulties with the company's New York listing.

Lehman had expected ADT to make disposals and to have reduced debt with the proceeds. Without asset sales, ADT will pay higher interest charges. Lehman lowered next year's profits forecast by $67m (£40.8m) to $208m. Morgan Stanley pared its current year estimate by $40m to $190m.

Lehman said the company's core businesses were performing soundly but expected contributions from stakes in Christies International (24.2 per cent held) and Lep Group (27.3 per cent held) to fall. Christies' shares, however, gained 16 to 203p on the view that ADT was increasingly less likely to sell its shareholding, while Lep added 3 at 93p.

Racal active

The Racal "twins" maintained their recent strong performances, Electronics closing 4 higher at 229p on 3.1m and Telecom 3 better at 368p after keen support.

The demerger of Telecom, which will be renamed Vodafone Group, is scheduled for September 16 and should result in the replacement of Racal Electronics in the FT-SE 100 index by Vodafone.

The "twins" have been holding a series of meetings with broking firms and institutions, which have been generating considerable support for both stocks. The latest meetings have focused on the outlook for the "new" Racal Electronics, ex its Vodafone, Chubb, etc. interests.

The weight of adverse press comment continued to bear down on Maxwell Communication shares. They lost 3 to 190p as a handful of large trades pushed volume to 7.8m. Mirror Group Newspapers, also controlled by Mr Robert Maxwell, gave up 2 more to end at a new low of 91p.

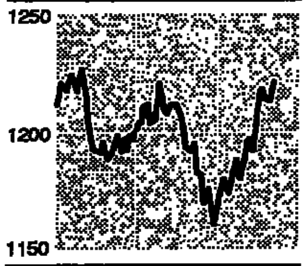
Thames TV lost 15 to 228p, the lowest level for more than five years, after weekend press reports that the company had been outbid for the London weekday television franchise. Thorn EMI, which owns 27.9 per cent of Thames, was 10 down at one point, but recovered with the market to end at the day's best of 721p with a net gain of a penny.

Yorkshire Television and Tyne-Tees, whose franchises are being fiercely challenged, slipped 3 to 238p and 8 to 236p respectively.

Central Television continued last week's rise on news that the company would probably keep its franchise for a nominal sum. The shares reached a new high for the first time in almost two years with a gain of 12 to 822p.

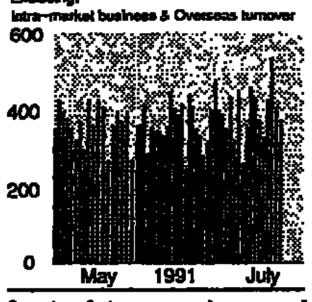
BP Exploration's presentation to US analysts and institutions, detailing much the same news delivered to UK and European institutions last week, triggered more keen support for the parent BP shares, which rose 2¼ to 349½p. Shell moved up 5⅓ to 538½p. Hardy Oil & Gas gained 5 to 165p in front of tomorrow's annual meeting.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Ultramar, badly affected during the past two weeks by downgraded broker forecasts and worries about the group's heavy gearing, staged a strong recovery as buyers, alerted to the steep underperformance of the stock, moved back into the market.

Dealers said the shares had been sold down far too fast, with selling pressure from one investment fund said to have been the main reason for the sharp fall. Stories of a possible rights issue, or asset sales or swaps, have been circulating in the market for some time. At the close Ultramar had rallied 9 to 267p with turnover reaching 1.1m.

British Gas shrugged off worries about possible Ofgas intervention regarding big price increases to power generators, announced in the spring, and responded to signs that marketmakers at US-owned securities houses have begun to bid aggressively for stock. Gas shares, among the Footsie's best performers last week, put on 2⅓ more to 271p on turnover of 4.5m.

Banks and insurances proved reluctant to move ahead with the wider market. Banks were said to have been unsettled by suggestions that they could be required to put up around £100m to help to compensate BCCI investors. They were also said to be hurt by reports about the possible extent of bad debts due to be announced with the interim figures.

But specialists pointed out that the £100m BCCI levy figure was half the amount first estimated when BCCI was closed down. It was also said that sellers had got the upper hand in the sector late on Friday. "The big worry in the sector is of rights issues," said one analyst.

Lloyds, marginally ahead at 351p, reports on Friday, the first of the "big four" to do so.

BPB was among the best performers in the building sector as news of the near 94 per cent take-up of the £125m rights issue triggered a burst of support for the shares, which settled 5 higher at 192p. The rump of the rights issue, some 5m shares, was placed in the market at 185p.

Drinks stocks had a mixed day. Scottish & Newcastle lost 3 to 408p while Whitbread gained 4 at 466p, after touching 470½p. Traders spoke of a switch between the two, spilling over from Friday's late trade.

The interest in stocks with famous brand names lifted Cadbury-Schweppes 6 to 370p and United Biscuits 3 to 378p. Unilever rose 6 to 758p as 2.3m changed hands, making it one of the busier days for the stock so far this year as Panmure Gordon and Goldman Sachs recommended the shares.

Plastics and chemicals group Evode climbed 6 to 51p in spite of announcing a sharp fall in first-half profits. Investors had largely anticipated the poor results and the figures were offset by news that there had been an improvement recently in performance in Evode's North American and other overseas companies.

Stocklake Holdings, the distribution and stockholding group with interests in the UK, Canada, Africa and eastern Europe, rose sharply after the company announced that it was effectively being wound up and shareholders would receive some £5.7m. The shares closed 28 stronger at 360p after being 38 ahead at one stage.

The directors estimated that for every 100 Stocklake shares held each shareholder would receive about £133 plus shares in the holding company's subsidiaries, Adam and Harvey and Rea Brothers Group. The company, which also announced higher final profits, said Adam and Harvey had increasingly undertaken Stocklake's holding company role and left it without any significant operational function.

British Aerospace improved 3 to 560p as the shares shrugged off press reports that the US had blocked a £680m deal being negotiated with Iran for the export of civilian BAe 146 aircraft. Instead, traders focused on buy recommendations from Kleinwort Benson and Smith New Court.

Tace, the environmental group which is the subject of a bid battle, advanced strongly, closing 28 up at 288p. The shares responded to an improved and agreed offer from Cambridge Electronic Industries that was tabled after Friday's market close.

The Cambridge offer is now worth £29.9m, up from £23m. Turnover in Tace rose to 731,000 shares. The improved offer weakened Cambridge, which lost 9 to 183p.

MARKET REPORTERS:
Daniel Green, Peter John, Jim McCallum, Joel Kibazo, Steve Thompson

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 22.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (61).
BRITISH FUNDS (3) Treas. 3pc 1992, Treas. 2pc IL 1992, Treas. 2½pc IL 2024, CHEMICALS (1) Cambridge Isotope Labs., STORES (5) Dixons, Dunhill, In Shops, Kingfisher, Do. 8½pc Ln. 2000, ELECTRICALS (2) Alba, FKI, ELECTRICITY (1) National Power, ENGINEERING (3) Kvaerner B, Molins, TACE, FOODS (4) Dalepak, Morrison (Wm), Do. 5¼pc Prf., Northern, INDUSTRIALS (9) Community Hospitals, Esselte, Kalon, London Intl., Scapa, Serco, Shanks & McEwan, Stocklake, Worthington (AJ), INSURANCE (2) Lloyd Thompson, Sedgwick, LEISURE (3) Central ITV, LWT 3.9375p Prfd., Prism, MOTORS (1) Sanderson Murray Elder, NEWSPAPERS (1) Johnston Press, PAPERS (3) API, Arjo Wiggins Appleton, St. Ives, PROPERTY (1) Tibbett & Britten, TOBACCOS (1) Rothman Intl. B, TRUSTS (14) Alliance Inv., Baillie Gifford Shin Nippon, Beta Global Emrg. Mkts. Wrrnts., Brit. Assets IL 2005, Edinburgh, Five Arrows Chile Wrrnts., Fleming Mercantile, GT Chile Growth Wrrnts., I & S Optimum Inc. Zero Div Prf., Korea Europe, M & G, Second Alliance, Select Assets Uns. Ln 2013, Do. 2013 Series II, OILS (4) Crusader, Fairhaven Intl., Occidental, Shell Trans., MINES (3) Anglo Amer., Mount Burgess, Pasminco.

NEW LOWS (49).
AMERICANS (1) Gt. Amer. First Savings, BANKS (4) Cater Allen, Mitsubishi, Reflex Invs., Union Discount, BREWERS (1) Macallan-Glenlivet, BUILDINGS (2) Higgs & Hill, Prowting, STORES (1) Church, ELECTRICALS (3) Applied Holographics, Emess 8.25pc Prf., Scantronic, ENGINEERING (1) Hobson, FOODS (2) Budgens, Carr's Milling, HOTELS (1) Savoy A, INDUSTRIALS (10) Alexandra Workwear, Barratt (H), Doctus, Eurocopy, Hornby, Nu-Swift, Photo-Me, Pilkington Wrrnts., Stormgard, Walker Greenbank, LEISURE (3) Grampian TV A, Thames TV, Tyne Tees, TRANSPORT (1) P & O Sub Wrrnts 1988-92, TRUSTS (13) Anglo Scan. Wrrnts., City Merchants High Yld., Ensign, Do. B, Gresham House, Merlin Intl. Green, Murray Enterprise, Natl. Home Loans, Do. 7½pc Prf., New Frontiers, Newmarket Venture Cap., Sumit, Worth, OILS (3) Gaelic Res., Kingston, Presidio A, PLANTATIONS (2) Rowe Evans, Williams, MINES (1) Paragon Res.

FINANCIAL TIMES STOCK INDICES

	July 22	July 19	July 18	July 17	July 16	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	84.86	84.94	85.00	84.90	84.86	79.43	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.47	94.52	94.52	93.77	93.77	88.23	94.84 (5/4)	90.58 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1973.8	1959.5	1969.0	1978.6	1971.4	1867.1	2014.5 (5/4)	1606.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	210.0	212.9	212.6	212.4	212.9	182.6	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2558.5	2541.5	2547.3	2561.0	2558.8	2359.7	2581.0 (17/7)	2054.8 (16/1)	2581.0 (17/7/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1169.87	1164.67	1162.86	1162.25	1169.24	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.80	4.83	4.81	4.79	4.80	4.96				
●Earning Yld %(full)	8.43	8.48	8.44	8.41	8.43	10.93				
●P/E Ratio(Net)(☆)	14.59	14.51	14.56	14.62	14.59	11.10				
SEAQ Bargns 4.45pm	25,616	27,435	25,828	29,782	31,262	23,926				
Equity Turnover(£m)†	-	928.52	880.93	1176.45	1044.72	882.05				
Equity Bargains†	-	27,049	27,066	28,889	31,151	23,958				
Shares Traded (ml)†	-	378.1	408.1	530.6	428.1	329.5				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 13.98

Ordinary Share Index, Hourly changes — Day's High 1980.0 — Day's Low 1955.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1958.0	1956.6	1960.0	1962.3	1967.2	1973.0	1975.1	1979.9	1974.8

FT-SE 100, Hourly changes — Day's High 2564.6 — Day's Low 2536.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2539.6	2536.8	2541.5	2545.5	2548.9	2556.3	2559.4	2564.0	2558.5

FT-SE Eurotrack 200, Hourly changes — Day's High 1171.77 — Day's Low 1160.32

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1160.37	1162.06	1163.34	1166.30	1167.46	1169.63	1170.21

GILT EDGED ACTIVITY

Indices*	July 19	July 18
Gilt Edged Bargains	92.6	83.8
5-Day average	89.0	91.1

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	184	535	-55	Courtaulds	381	431	+1	MB Caradon	548	238	+1	Severn Trent Water	1,400	339	
ASDA Group	3,200	84	+1	Dalgety	880	400	+5	MEPC	745	445	+1	Shell Transport	1,800	538½	+6½
Abbey National	1,300	294	+2	De La Rue	33	424		Meyer	249	283	+2	Slebe	200	483	-3
Albert Fisher	849	117	+2	Dixons	1,600	221	+8	Marks & Spencer	4,000	275	+8	Slough Ests	289	246	-1
Allied-Lyons	1,000	563	+5	ECC Group	465	445	+3	Maxwell Comms.	8,400	190	-3	Smith (W.H.) A	782	423	+4
Amstrad	934	49½	+½	Eastern Elect.	168	165½	-½	Midland Bank	1,100	185	+1	Smith & Nephew	2,200	132½	+½
Anglian Water	488	376	-1	East Midland Elect.	438	197	-1	Midlands Elect.	7	206	+1	SmKl Beecham	3,200	838	+8½
Argos	331	319	+4	Enterprise Oil	446	540	-1	NatWest Bank	3,600	318	-1	SmKl Beecham Uts.	919	3593	+28
Argyll Group	1,800	311	+1	Eurotunnel Units	214	498		National Power	7,100	146½		Smiths Inds.	695	257	-1
Arjo Wiggins	952	279	+4	FKI	2,300	66		Next	2,200	29	+1	Southern Elect.	139	198½	-½
Ass. Brit. Foods	871	526	+4	Ferranti	2,900	8½		North West Water	1,800	374	-3	South Wales Elect.	30	233	
[illegible]															
British Steel	4,100	123½	-½	Inchcape	1,100	370	+2	Rolls Royce	3,800	157	+3	Utd. Newspapers	588	358	+3
British Telecom	1,700	363½	+3½	Kingfisher	1,200	527	+10	Rothmans	885	1063	+28	Wellcome	210	720	+9
Bunzl	286	91		Ladbroke	2,300	253	+9	Ryl Bk Scotland	3,600	180	-2	Welsh Water	199	385	+3
Burmah Castrol	118	588	-1	Land Securities	742	480	+3	Royal Insurance	988	403		Wessex Water	275	307	
Burton	5,500	41½	+1½	Laporte	369	622	-1	Saatchi	380	18		Whitbread 'A'	1,200	466	+4
Cable & Wire.	1,200	562	-2	Legal & General	838	419		Sainsbury	465	371	-1	Williams Hldgs.	829	317	+2
Cadburys	567	370	+6	Lloyds Abbey	535	407	-2	Scottish & New.	1,500	408	-3	Willis Corroon	349	327	+2
Calor Group	21	228		Lloyds Bank	1,000	351	-1	Scot. Hydro-Elect.	2,200	111½	-1½	Wimpey	28	171	-1
Carlton Comms.	135	478	+1	LASMO	1,000	358	-2	Scottish Power	8,000	103½	-½	Yorkshire Elect.	135	241	+3
Coats Viyella	798	180	-1	London Elect.	221	198	-1	Sears	3,500	78	+2½	Yorkshire Water	665	386	+3
Comm Union	285	520	+3	Lonrho	2,600	265		Sedgwick	547	281	+1				
Cookson	521	114	+1	Lucas	1,000	143	+4	Seeboard	284	200					

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

ECONOMIC factors came to the fore in the derivatives market yesterday as the latest UK retail sales and trade figures rekindled hopes that the recession may soon be at an end, writes Jim McCallum.

The September FT-SE 100 index moved higher after a 1.3 per cent rise in June retail sales and a £23m current account surplus for the same month were announced. Economists had forecast flat retail sales figures and a current account deficit of £500m.

The September FT-SE rallied to a premium of 35 points to the spot index, compared with 27 on Friday and fair value of around 25, and pulled the equity market higher. The sudden rise in shares caught some marketmakers by surprise, forcing those short of stock into the futures market to cover their positions.

September FT-SE closed at 2,592, up 24 points on the day and at a premium of 35. In after-hours' dealing, September ended at 2,594.

Turnover in the options market was boosted by closing trades before the expiry of July stock options tomorrow. Among the larger trades, there was a seller of 1,000 British Steel July 130 puts; of 1,000 Hillsdown September 240 calls; and a buyer of 1,000 British Steel July 130 puts.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
100¼	99¼	Exch. 11pc 1991	100¼	.....	11.00	10.55
[illegible]						

Over Fifteen Years / Undated / Index-Linked / Five to Fifteen Years: [illegible]

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
108¼	102	Treas. 11½pc 2001-04	106⅜	+½	10.81	10.40
58⅜	53⅞	Funding 3½pc '99-04	58⅜	+⅛	5.99	8.97
97⅜	90⅜	Conversion 9½pc 2004	95⅜	+⅜	9.96	10.12
97⅛	90⅜	Conversion 9½pc 2005	95⅜	+⅛	12.58	10.10
118¼	111	Treas. 12½pc 2003-05	[illegible]			
[illegible]						

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
102	95⅝	African Dv Bk 11¼Ln 2010	101⅛	-⅛	11.00	10.96
97⅜	91⅝	Asian Dev Bk 10¼pcLn2009	96⅜	-⅛	10.64	10.71
112⅝	105⅜	Int-Am Dev Bk 12½pc 2003	118⅜	-⅛	11.26	10.79
92⅜	86⅜	Do. 9¾pcLn 2015	91⅜	-⅛	10.69	10.77
[illegible]						

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies / Public Board and Ind.: [illegible]

FOREIGN BONDS & RAILS

[illegible]

Continued on next page

APPOINTMENTS

Board posts at Royal Insurance

■ ROYAL INSURANCE HOLDINGS has promoted Mr Ian Rushton from group chief executive to vice chairman. Mr Bill Buckley, president and chief executive officer, Royal USA, becomes an executive director. Mr Michael Dowdy joins the company to become group finance director in succession to Mr Richard Gamble who is now chief operating officer.

■ Mr Anthony Mayer, chief executive of The Housing Corporation, and Sir James Spooner, a director of John Swire & Sons, have been appointed non-executive directors of THE HOUSING FINANCE CORPORATION and of its subsidiary T.H.F.C. (Indexed).

■ STERLING INDUSTRIES has appointed Mr David Diggins as group managing director. He succeeds Mr Wynne Denman who will remain on the board as a non-executive director. Mr Diggins was managing director of the hydraulics division.

■ BRITISH RAILWAYS BOARD has appointed Dr Stuart Hill as director, technical strategy, and Mr Bernard Gudgin as director, computing. Dr Hill was technical director, GKN powder metallurgy division. Mr Gudgin was general manager, information technology, AEA Technology.

■ NATWEST INVESTMENT BANK has appointed Mr Donald Macpherson as deputy chairman. He joined the board in July 1989.

JONES & SHIPMAN, Leicester, has appointed Mr Chris Ringrose (pictured) as financial director. He was financial director and company secretary of Vinten Group.

■ Mr Anthony D. Shanagher has been appointed group finance director of ASTEC (BSR). He was formerly finance director of Harris Queensway. He succeeds Mr Marvin Kolodzik who has resigned to return to the US and rejoin Emerson Electric Company.

■ PIZZA HUT (UK) has appointed Dr Chris Wyche as director of human resources. He has held similar posts at British Airways and Mars Confectionery.

■ Mr Colin Grant-Wilson has been appointed managing director of LEASE PLAN UK, Windsor, part of the Dutch-based ABM-AMRO Group. He was a partner, European financial services, Korn/Ferry International.

■ HYUNDAI (UK), West Bromwich, part of the I.M. Group, has appointed Mr Geoffrey Nichols as a non-executive director to advise on Anglo-Korean trade. He has been political and economic adviser to the company since 1985.

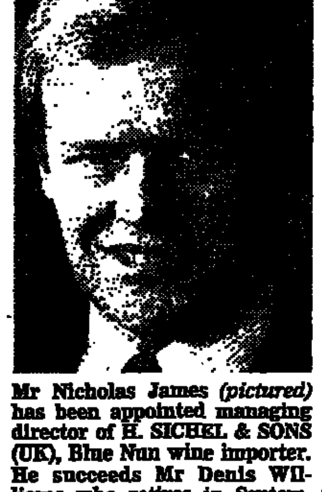
■ Mr Bob Merrick has been appointed non-executive chairman of LEIGH ENVIRONMENTAL. He succeeds Mr Malcolm Wood who remains chairman and chief executive of the parent company Leigh Interests.

■ Mr H. Bernard Gray has been appointed managing director of UK-based EFTEN EUROPA, a subsidiary of Triwall K.K. Japan.

■ Mr David Mordecai has joined UBS PHILLIPS & DREW as vice president in the swaps team marketing risk management products to Scandinavia and the UK.

■ BRISTOL-MYERS SQUIBB PHARMACEUTICALS, Hounslow, has promoted Mr Frank Dollard from production manager to senior director, technical operations, UK. He succeeds Mr Phillip Wright who has been appointed vice president, technical operations support, for Europe and South Africa.

■ Mr David Hubbard is to be appointed chairman of BRAITHWAITE in succession to Mr Ken Lindon-Travers who has expressed a wish to retire. Mr Hubbard, chairman of Powell Duffryn, joins the board as non-executive deputy chairman in September. The company plans to change its name to Andrews Sykes Group on October 1.



Mr Nicholas James (pictured) has been appointed managing director of H. SICHEL & SONS (UK), Blue Nun wine importer. He succeeds Mr Denis Williams who retires in September. Mr James was marketing director, a responsibility he will retain.

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128.

AMERICANS

1991 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
33¾	20⅞	Abbott Laboratories	30⅞	-½	$1.00	-	1.9
385p	257p	♦Allegheny & W 1c	282p	-23	30c	-	6.3
10¼	667p	Amdahl 5c	883p	-33	10c	-	0.7
42¼	25¾	Amer. Cyanamid $5	38¾	-1¼	$1.50	-	2.3
17¾	9⅛	Amer. Express 60c	14¼	....	92c	-	3.8
24½	15¼	American T & T $1	23¼	+½	$1.32	-	3.3
38⅜	32½	Ameritech $1	35⅞	-⅛	$3.40	-	5.7
24	12⅞	BankAmerica $1⅝	21⅝	-⅛	$1.20	-	3.3
34¼	20⅞	Bankers N.Y. $2	31⅜	+¼	$1.52	-	9.1
30½	24¼	Bell Atlantic $1	28⅝	+⅛	$2.52	-	5.2
31¼	25	BellSouth Corp	27½	-½	$2.76	-	5.9
11¼	6⅞	♦Bethlehem Steel $8	10⅜	+⅛	40c	-	2.3
1839p	1046p	Bowater Inc	1566p	-88	$1.20	-	4.5
9½	4½	Brunswick 75c	9	.....	44c	-	2.9
54	37⅜	CPC Intnl. 25c	50⅜	-⅞	$2.00	-	2.3
852p	420p	California Engy	752p	....	-	-	-
50	28¼	Campbell Soup 15c	45¾	-⅛	$1.16	-	1.5
12⅝	5⅞	Chase Manhattan $12½	11⅜	....	$1.20	-	5.9
9⅞	5½	Chrysler $6¼	8⅜	....	60c	-	4.2
10⅝	5⅞	Citicorp $1	9	-⅛	$1.00	-	6.6
25	21⅞	Colgate-Palmolive $1	23½	+⅛	$1.06	-	2.7
845p	438p	Cont'l Bank Corp $4	772p	-18	$1.00	-	7.7
21⅝	13⅜	Dana Corp $1	19⅝	+⅛	$1.60	-	4.8
1090p	203p	Data General	1074p	+3	-	-	-
22	12¾	Dial Crop. $1.5	21⅞	+⅛	$1.40	-	3.9
29⅝	20¼	Dun & Bradstreet $1	26⅞	-1⅛	$2.16	-	4.8
40	24¼	Eaton Corpn. 50c	37⅞	-⅛	$2.20	-	-
8½	5½	Echlin Inc	8⅛	+⅛	70c	-	5.1
19⅞	14⅞	FPL Group 1c	18⅛	-⅛	$2.40	-	7.8
30⅞	17⅞	Fluor Corp 62½pc	27⅜	+⅛	32c	-	0.7
23¼	13⅛	Ford Motor $1	20⅝	....	$1.60	-	2.9
46⅞	28⅞	Gen. Elect. 63c	43¾	+⅛	$2.04	-	2.7
566p	270p	♦General Host Corp $1	475p	-9	34c	-	4.2
45¾	20⅞	Gillette $1	22⅝	-⅛	62c	-	1.6
910	26p	Gt American Bank $1	26p	-2	-	-	-
18¼	794p	Hasbro Inc 50c	17¼	-⅛	24c	-	0.8
38½	21¼	Honeywell $1½	35⅜	+⅛	$1.50	-	2.5
22⅝	17⅞	Houston Inds.	22	-¼	$2.96	-	7.9
72⅜	55⅜	IBM Corpn $1¼	59⅞	+1¼	$4.84	-	4.8
32½	18⅞	Ingersoll-Rand $2	30⅜	....	$1.32	-	2.3
28¼	16⅜	Lockheed Crpn. $1	28¼	+⅛	$1.80	-	3.8
2155p	1295p	Lowe's 50c	2019p	-37	56c	-	1.6
17⅜	9½	Manuf. Hanover $1	17⅛	+⅛	♦$3.28	-	11.3
26⅞	10⅞	Merrill Lynch $1	24⅞	-⅛	$1.00	-	2.4
33⅝	21⅜	Morgan (JP) $2½	31⅝	-⅛	$1.98	-	3.7
41½	25⅞	Morris (Philip)	39¼	-⅛	$1.72	-	2.6
46¾	35	NYNEX $1	43⅞	-⅛	$4.56	-	6.2
89p	31p	♦Pac. Agricultural	31p	....	-	-	-
23½	11⅞	Pall Corp. 25c	21⅝	-¼	h44c	-	1.2
46¼	33¼	Pennzoil 83 1/3c	45	-⅛	$3.00	-	3.9
40½	24⅞	Quaker Oats $5	37⅜	-⅛	$1.56	-	2.4
39⅞	24⅜	Rep NY Corpn $5	38¼	-⅛	$1.40	-	2.1
17⅝	12¼	Rockwell Intl. $1	14⅛	+⅛	86c	-	3.3
25⅞	12⅜	Sears, Roebuck 75c	22½	+⅛	$2.00	-	5.3
34⅝	25⅝	Southwestern Bell $1	31⅜	-⅛	$2.84	-	5.3
20¼	14⅞	Sun Co. Inc. $1	17⅝	-⅛	$1.80	-	6.0
27¼	21⅛	Tenneco $5	21¼	-⅛	$3.20	-	8.2
40½	29⅞	Texaco $6.25	38⅞	-⅛	$3.20	-	4.9
26⅛	17⅛	Texas Instr. $1	19⅞	-2⅛	72c	-	2.1
°64½	37⅞	Time Warner $1	51⅜	-⅛	$1.00	-	1.1
16⅝	8⅞	TRINOVA Corp	15⅜	-⅛	68c	-	2.6
475p	250p	♦Unilab	475p	....	-	-	-
29⅛	22⅛	Utd. Technologies	28⅞	-⅛	$1.80	-	3.7
92p	42p	♦Utilitech Inc	92p	....	-	-	-
23	18¼	US West	20½	-⅛	$2.08	-	6.0
24⅞	16⅝	Waste Management $1	21¼	-⅛	44c	-	1.2
2054p	1053p	Whirlpool $1	1871p	-73	$1.10	-	3.5
20⅞	13½	♦Woolworth $3½	18⅛	+⅛	$1.08	-	3.5

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

For Scholl see INDUSTRIALS (Miscel.)

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

For Scottish Electric and ScottishPower see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT – Contd

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS – Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares.
γ Gamma refers to other traded instruments.
Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.
Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1 β	648	......
Finlay Pkg. 5p β	28	......
Holt (Jos) 25p β	1978	......
Helton Hldgs. γ	39	+1
IRG	128½	......
United Drug	178	......

IRISH

Cap. 8½% Ln. 2010	£92	−½
9pc Cap Ln. 1996	£97½	......
Fin. 13% 97/02	£113¾	−½
Arnotts	165	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	28
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	28
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	6½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	18
Unilever	68
Vickers	19
Wellcome	40

Property

Brit Land	30
Control Secs	3
Land Securities	45
MEPC	40
Mountleigh	8½

Oils

Aviva Petm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	30

Mines

Lonrho	21
RTZ	48

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

[illegible]

MGM Unit Managers Ltd (1000)H
MGM House, Heene Rd, Worthing
Dealing. 0277 261010 Enq 0903 204631

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income F	5	260.9	264.0	280.8	-0.7	6.22
(Accum Units) F	5	410.3	415.2	441.7	-1.0	6.22
UK Growth F	5	301.8	306.2	325.7	-0.4	4.28
(Accum Units) F	5	357.2	362.4	385.5	-0.5	4.28
Int Equity Gth ♣ F	5	51.28	51.47	54.75	-0.21	1.31
Intl Bond F	5	51.15	52.15	53.73	+0.17	7.14
Special Sits F	5	16.85	18.09	19.24	+0.05	3.24
North American F	5	69.57	69.94	74.40	-0.08	0.84
European Growth ♣ F	6	48.76	49.03	52.15	-0.02	1.46

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E Lothian 062 082 5867

MW Joint Investors	0	1048.0	1048.0	1078.1	....	4.39

Maldon Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

Maldon General	0	114.0	114.0xd	137.2	...	4.96

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings 071-256 5858

Growth Units	5¼	133.2	134.5	143.1	..	3.81
Gilt & Fxd Int	5	144.7	144.7	152.2	-0.5	8.31
Intl Growth	5¼	148.5	150.0	159.6	-0.6	0.44
North American ♥	5¼	98.04	98.04xd	104.3	....	0.54
Far East	5¼	118.7	119.8xd	127.4	-0.4	0.45
UK Smaller Cos	5¼	100.6	100.6	107.0	-0.1	3.44
European	5¼	53.27	53.27xd	56.79	-0.08	1.01
Japanese Growth	5¼	36.44	36.44	39.04	-0.42	0.00
Managed P'folio	5¼	49.96	50.30	53.51	-0.06	1.34
High Income	5¼	149.2	151.1	160.7	+0.07	6.10
High Yielding Gilt	5¼	60.65	60.65xd	63.90	+0.4	9.82
Cash		51.30	51.30	51.30	+0.03	9.73

[illegible]

Singapore ASEAN	5¼	54.15	54.15xd	58.75	+1.02	1.39
Accum Units	5¼	54.55	54.55	59.18	+1.02	1.39
SE Asia H	5¼	148.9	148.9	159.7	+1.10	1.53
Overseas Income Funds						
Global Income	5¼	64.60	64.60xd	68.73	+0.03	4.96
Intl Bond	5¼	45.91	45.91	48.35	+0.07	7.91
WEL Trusts						
Netstar Gilt & FI	2	68.91	68.91	70.69	+0.02	9.59
Exempt Funds						
European Dist	5¼	89.14	89.14	94.90	-0.09	1.95
European Acc	5¼	91.14	91.14	97.03	-0.10	1.95
Exempt	3¼	122.5	122.5	129.3	-0.10	5.17

* Compound Annual Rate

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers 071-826 0826 Enquiries 071-826 0123

American Gwth	5¼	157.3	157.3xd	168.1	-0.4	0.92
European Gwth	5¼	195.7	195.7xd	208.4	-0.5	0.00
Intl Gwth	5¼	146.5	146.5	155.9	+0.2	0.00
UK Equity Inc	5¼	116.1	116.1	124.9	-0.1	6.49
UK Equity Acc	5¼	130.7	130.7	140.7	-0.1	6.49
UK Ind Tracker Inc	5	122.5	122.5	130.9	-0.1	3.79
UK Ind Tracker Acc	5	130.9	130.9	139.9	-0.1	3.79
US Eq Ind Tracker Inc	5	145.6	145.6	156.2	.....	2.88
US Eq Ind Tracker Acc	5	150.3	150.3	161.3	.....	2.88
Japan Tracker	5	60.89	60.89	64.98	+0.05	0.00
Asian Trader	5¼	87.78	87.78	93.80	+1.19	1.43
Managed Inc	5¼	98.68	98.68xd	106.1	-0.2	1.99
Managed Acc	5¼	100.3	100.3xd	107.8	-0.2	1.99
Cash Inc	0	100.33	100.33xd	100.33	+0.06	11.15
Cash Acc	0	109.45	109.45xd	109.45	+0.06	11.15
Europa	5¼	103.9	103.9	111.2	......	0.00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

Exempt Unit Tst	4	114.69	114.69xd	122.25	-0.48	2.60
Exempt Smllr Cos	3¼	219.85	219.85	239.73	-0.20	1.40

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

[illegible]

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	106.8	112.4	-0.3	-
Pension Managed Fd	105.0	110.5	-0.3	-
Life Deposit Fd	108.2	113.9	+0.1	-
Pension Deposit Fd	113.7	119.7	+0.1	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	109.5	115.3	-0.1	-
Managed Growth	136.2	143.4	-0.4	-
Managed Opportunity	137.7	145	-0.3	-
NFMC Target Financial	102.6	108	-0.2	-
Pension Funds				
Managed Cautionary	119.8	126.2	-0.1	-
Managed Growth	144.2	151.8	-0.5	-
Managed Opportunity	138.0	145.3	-0.3	-
NFMC Target Mngd Pen	1527.5	1607.9	-1.1	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	163.7	172.4	----	-
UK Equity	171.8	180.9	----	-
Overseas Equity	138.9	146.3	----	-
Fixed Interest	146.6	154.4	----	-
Property	127.8	134.6	----	-
Index Linked	146.5	154.3	----	-
Deposit	158.4	166.8	----	-
With Profits (8)	129.9	136.8	----	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	353.5	372.2	-0.4	-
UK Equity	444.9	468.4	-0.7	-
Overseas Eq.	349.0	367.4	-0.9	-
American	292.2	307.6	+1.5	-
Far East	377.3	397.2	+0.8	-
Property	191.1	201.2	-0.1	-
Fixed Int.	258.9	272.6	-0.4	-
Indexed Gilt	155.0	163.2	-0.2	-
Deposit	183.3	193.0	+0.1	-
Pension Fund (Accum Units)				
Managed	503.6	530.1	-0.6	-
UK Equity	595.8	627.2	-0.7	-
Overseas Eq.	578.6	609.1	-0.8	-
American	372.7	392.4	-0.3	-
Far East	617.8	650.4	-2.3	-
Property	241.7	254.5	----	-
Fixed Int.	321.3	338.3	-0.7	-
Indexed Gilt	170.0	179.0	-0.3	-
Deposit	257.6	271.2	+0.2	-
NPI Pensions Management Ltd				
Managed Fund	1076.6	1095.8	----	-

Prices July 1 Next dealing August 1

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	72.2	76.1	-0.1	-
Stock Market Mngd Fund	71.3	75.1	-0.1	-
Equity Fund	79.4	83.6	-0.1	-
International Fund	64.0	67.4	-0.2	-
European Fund	64.4	67.8	-0.1	-
North American Fund	74.1	78.0	-0.3	-
Pacific Fund	69.9	73.6	----	-
Property Fund	80.5	84.8	+0.1	-
Fixed Interest Fund	58.9	62.0	-0.1	-
Index Linked Sec Fund	61.6	64.8	-0.1	-
Deposit Fund	70.3	74.1	+0.1	-
NUAM Retirement Plans				
Mixed Fund	79.5	83.6	-0.1	-
UK Ordinary Share Fd	92.5	97.4	-0.1	-
International Fund	68.4	72.0	-0.2	-
Property Fund	82.6	87.0	+0.1	-
Fixed Interest Fund	71.9	75.7	-0.1	-
Index Linked Sec Fund	65.5	69.0	-0.1	-
Deposit Fund	83.4	87.8	+0.1	-
NUAM GMP				
Managed Fund	1018.5	1072.2	-2.0	-
Equity Fund	2171.5	2285.8	-4.8	-
International Fund	169.4	178.4	-0.4	-
Property Fund	511.1	538.0	+0.2	-
Fixed Interest Fund	442.2	465.5	-0.8	-
Index Linked Sec Fund	62.8	66.2	-0.1	-
Deposit Fund	289.7	305.0	+0.2	-

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NS 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	113.69	119.67	+0.09	-
Managed Fd	98.44	103.62	-0.22	-
UK Ord Share Fd	103.69	109.14	-0.18	-
International Fd	93.55	98.47	-0.22	-
European Fd	88.54	93.20	-0.06	-
North American Fd	103.30	108.74	-0.45	-
Pacific Fd	84.38	88.82	-0.01	-
Property Fd	92.28	97.13	+0.04	-
Fixed Int Fd	104.34	109.84	-0.26	-
Intl Bond Fd	104.72	110.23	-0.40	-
Deposit Fd	113.74	119.72	+0.08	-
Unitised Pensions				
With Profits Fd	153.36	161.44	+0.15	-
Managed Fd	159.76	168.17	-0.21	-
UK Equity Fd	171.12	180.13	-0.21	-
International Fd	162.37	170.92	-0.38	-
European Fd	142.58	150.09	-0.08	-
North American Fd	174.85	184.06	-0.89	-
Pacific Fd	124.29	130.84	----	-
Property Fd	150.24	158.14	+0.12	-
Fixed Int Fd	127.32	134.03	-0.23	-
Intl Bond Fd	132.90	139.90	-0.20	-
Bldg Soc Dep Fd	145.46	153.11	+0.13	-
Pensionmaster* & Gilt-Linked Plan*				
Mixed Fund	430.7	453.4	+6.3	-
Ordinary Share Fund	643.5	677.4	+15.3	-
International Fund	176.8	186.1	+0.2	-
Property Fund	254.6	268.0	+0.3	-
Fixed Interest Fund	358.2	377.1	+0.7	-
Index-Linked Sec Fund	183.9	193.6	-1.1	-
Deposit Fund	260.0	273.7	+0.5	-
Norwich Units Apr 15		1053.59		
Jersey Investment Plan				
With Profits Fund	114.30	120.31	+0.11	-
Intl Equity Fund	94.88	99.88	-0.23	-
Intl Bond Fund	112.72	118.66	-0.26	-

*Prices as at July 16

Pearl Assurance (Unit Funds) Ltd
Thorpe Wood, Peterborough PE3 6SA 0733 63212

	Bid Price	Offer Price	+ or -	Yield Gross
Prop. Dist. (Gross)	140.5	147.9	+0.1	-
Prop. Acc. (Gross)	253.9	267.3	+0.1	-
Equity (Gross)	851.1	895.9	-2.5	-
Managed (Gross)	588.1	619.0	-1.6	-
Prop. Acc. (Net)	121.0	127.4	----	-
Equity (Net)	198.9	209.3	-0.6	-
Managed (Net)	182.4	192.0	-0.4	-
Internat'nal (net)	170.1	179.1	-0.1	-
Gilt & Fxd Interest	121.3	127.7	-0.4	-
Money Fund	130.3	137.1	+0.1	-
Mixed Fund (Cap)	118.2	124.5	+0.2	-
Mixed Fund (Acc)	119.3	125.6	+0.3	-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	636.7	670.3	-1.2	-
Ret Man (Series 2)	216.0	227.4	-0.4	-
Ret Cash	179.7	189.2	+0.2	-
Pens Mixed Fd (Cap)	128.4	135.2	+0.2	-
Pens Mixed Fd (Acc)	129.6	136.5	+0.4	-
Pens Stig Fd (Cap)	97.4	102.6	+0.2	-
Pens Stig Fd (Acc)	98.3	103.5	+0.2	-

Pegasus Assurance Ltd
Broad Quay, Bristol BS1 4DJ 0272 290271

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Aggressive	96.7	101.8	----	-
Managed Balanced	99.70	105.0	----	-
Managed Cautious	107.2	112.9	-0.1	-
Pension Funds				
Managed Aggressive	102.5	107.9	----	-
Managed Balance	104.1	109.7	+0.1	-
Managed Cautious	107.5	113.2	----	-

For Pioneer Mutual see Swiss Pioneer

Premium Life Assurance Co Ltd
37-39, Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	143.0	151.0	----	-
Building Soc. Fd	208.0	219.0	----	-
Balanced	245.0	258.0	-4.0	-
European	178.0	188.0	----	-
GT Managed	180.0	190.0	-1.0	-
Gartmore Mngd	131.0	138.0	----	-
German	134.0	142.0	-1.0	-
Gilt	160.0	169.0	-1.0	-
Global	39.0	42.0	+3.0	-
International Equity	179.0	189.0	-1.0	-
Japan	208.0	219.0	----	-
Leisure	48.0	51.0	----	-
Managed	43.0	46.0	----	-
Property	283.0	298.0	-12.0	-
R. W. Imperial Gold	123.0	130.0	----	-
UK Equity	236.0	249.0	----	-
Pension Funds				
American	260.0	274.0	+1.0	-
Building Soc. Fd	219.0	231.0	----	-
Balanced	211.0	222.0	-1.0	-
European	200.0	211.0	----	-
German	129.0	136.0	-1.0	-
Gilt	157.0	164.0	-1.0	-
International Equity	165.0	174.0	+1.0	-
Japan	116.0	123.0	----	-
Managed	54.0	57.0	----	-
Property	219.0	231.0	-8.0	-
UK Equity	254.0	268.0	----	-

Professional Life Assurance Co Ltd
Skandia Hse, Portland Terr, Southampton 0703 232323

	Bid Price	Offer Price	+ or -	Yield Gross
BZW Managed		118.5	----	-
Fidelity Managed		121.0	----	-
Hill Samuel Managed		123.8	----	-
Morgan Grenfell Managed		112.9	----	-
PDFM Managed		116.0	----	-
Schroder Managed		119.6	----	-
Professional Managed		116.5	----	-
European		82.5	----	-
Fixed Interest		131.9	----	-
International Equity		139.8	----	-
Pacific Equity		104.8	----	-
UK Equity		135.7	----	-
US Equity		118.2	----	-
European Index		87.0	----	-
International Index		102.6	----	-
Japanese Index		92.4	----	-
South East Asia Index		108.7	----	-
UK Index		125.9	----	-
US Index		117.9	----	-
Property		100.5	----	-
Sterling Deposit		118.2	----	-
Retirement Annuity	92.03	97.36	----	-
Retirement Ann Cash	103.45	108.89	----	-

Prolific Life & Pensions Ltd
Stramongate, Kendall, Cumbria LA9 4UB 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Grth Mngd	557.9	593.6	-3.7	-
Adventurous Mngd	129.9	138.2	-0.1	-
Secure Mngd	104.9	111.6	----	-
Cash Fd	285.2	300.6	----	-
Property Fund	213.2	226.9	----	-
Equity Fund	655.2	697.1	-4.0	-
Fxd. Int. Fund	319.0	336.2	-0.4	-
International	316.0	336.2	-0.1	-
High Income	475.2	505.6	-1.0	-
Far East	394.1	419.3	+2.6	-
North American	296.3	315.3	+0.1	-
Special Sits	507.4	539.8	-0.8	-
Technology	278.6	296.4	+0.1	-
Extra Inc Fd	274.4	292.0	-2.3	-
Convertible & Gilt Fd	136.4	145.2	+0.1	-
American Income	141.9	151.0	-0.3	-
Gilt Fund 20	354.2	376.9	-0.8	-
European Fund	103.3	109.9	+0.3	-
Pref & Fixed Int	87.6	93.2	----	-
UK Blue Chip	96.9	102.2	-0.1	-
Recovery Fund	96.7	102.0	+0.2	-
Equity Income Dist	95.0	101.1	----	5.97
Managed Dist	91.3	97.2	-0.9	6.10
High Yield Dist	93.8	98.9	-0.3	9.94
Pension Funds				
Balncd Gth Mgd Pens Acc	606.6	638.6	-0.5	-
Adventurous Mgd Pens Acc	129.9	136.8	----	-
Secure Mngd Pens Acc	115.8	121.9	----	-
Building Soc. Acc	318.8	335.6	----	-
Property Pens. Acc	283.5	298.5	----	-
Fix. Int. Pens. Acc	478.8	504.0	-1.0	-
Equity Pens. Acc	764.8	805.1	+0.1	-
International Pen Acc	292.7	308.2	----	-
High Inc Pens Acc	519.0	546.4	-1.3	-
Tech Pens Acc	182.9	192.6	+0.2	-
N American Pens Acc	209.3	220.4	+0.6	-
Far Eastern Pens Acc	379.6	399.6	+2.6	-
Special Sits Pens Acc	413.8	435.6	-0.6	-
Extra Income Pens Fd	329.6	347.0	-0.8	-
Convertible & Gilt Pen	161.6	170.2	-0.3	-
American Inc Pens	157.2	165.5	+0.2	-
European Pens	113.9	119.9	-0.3	-
Managed Cash Pens	148.2	156.0	----	-
Pref & Fixed Pens	99.9	105.2	-0.1	-
UK Blue Chip	97.8	103.0	-0.1	-
Recovery Fund	97.5	102.7	+0.2	-
Other Funds				
Margett Growth	99.4	104.7	-0.1	-
Margett Income	101.1	106.5	-0.1	-
Margett Pension	104.0	109.5	----	-
DWC Growth & Income	115.2	121.3	----	-
NCH Managed	97.5	102.7	-0.1	-
B&B Select Mngd	89.2	93.9	----	-

For Property Equity & Life see Eurolife Ass Co

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	152.0	160.5	----	-
Accum Equity	218.0	230.0	-0.5	-
Accum Managed	227.5	240.0	----	-
Accum Five Star	171.0	180.5	----	-
Accum World	125.0	132.0	----	-
Accum Lifetime	110.1	110.1	-0.1	-
Pens Acc Equity	235.0	248.0	-0.5	-
Pens Acc Managed	289.0	304.5	+0.5	-
Pens Acc Intl	215.5	227.5	+1.5	-
Pens Acc Deposit	201.0	212.0	----	-
Pens Acc Five Star	187.0	197.5	-0.5	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	225.7	238.1	-0.3	-
UK Fixed Int Acc	176.8	186.5	-0.6	-
Intl Equities Acc	177.1	186.9	----	-
UK Managed Acc	174.1	183.6	-0.1	-
Property Acc	224.1	236.4	----	-
Money Acc	130.2	137.4	+0.1	-
Special Market Acc	142.2	150.1	+1.6	-
Japan Equity Acc	101.6	107.2	-0.7	-
North American Acc	108.1	114.1	-0.2	-
Pacific Acc	96.4	101.7	+0.2	-
Technology Acc	125.0	131.9	-1.2	-
Nat Resources Acc	63.4	66.9	+0.3	-
European Acc	101.0	106.6	----	-
Residential Prop Acc	96.2	101.5	----	-
Swiss Equities Acc	35.4	37.4	----	-
Hong Kong Acc	69.4	73.3	-0.3	-
UK High Inc Eq Acc	72.9	76.9	----	-
Int Fixed Interest Acc	57.6	60.8	-0.1	-
Int Managed Acc	56.7	59.8	----	-
HIP Managed Acc	117.7	124.1	-0.3	-
HIP Managed II Acc	100.3	105.8	+0.4	-
HIP Managed III Acc	107.2	113.0	+0.2	-
Total Investment Bond				
UK Equity Initial		153.5	-0.2	-
UK Fixed Int. Initial		120.4	-0.4	-
Intl Equities Initial		119.8	-0.1	-
UK Managed Initial		118.6	-0.2	-
Property Initial		153.7	----	-
Money Initial		89.2	+0.1	-
Special Market Initial		110.5	+1.2	-
Japan Equity Initial		78.9	-0.5	-
North American Initial		84.0	-0.2	-
Pacific Initial		78.8	+0.1	-
Technology Initial		97.1	-0.9	-
Nat Resources Initial		49.2	+0.2	-
European Initial		90.6	-0.1	-
Residential Prop Init		91.9	----	-
Swiss Equities Initial		33.8	+0.2	-
Hong Kong Initial		66.4	-0.3	-
UK High Inc Eq Init		69.6	+0.1	-
Int Fixed Interest Init		55.8	-0.1	-
Int Managed Init		55.0	-0.1	-
HIP Managed Init		114.4	-0.3	-
HIP Managed II Initial		98.8	+0.3	-
HIP Managed III Init		106.6	-0.3	-
Broker Funds				
High Performance	72.7	76.6	----	-
Towerhill Mngd Fd Acc	49.6	52.3	-0.2	-
YRA Executive Fd	94.9	100.1	----	-
E Global Growth Acc	130.0	137.1	----	-
E High Income Money Acc	140.9	148.6	----	-
IM Balanced		54.8	-0.1	-
H.F. Speculator Fd		126.9	-0.9	-
PEP Acorn II		112.9	-0.1	-
PEP Cautionary		100.0	----	-
AAFS Int. Man Fund		125.7	+0.2	-
Andrews-Green Inv Port		84.6	----	-
Individual Pension Funds				
UK Equity Acc	247.4	261.0	-0.3	-
UK Fixed Interest Acc	224.6	237.0	-0.8	-
Intl Equities Acc	227.2	239.7	-0.1	-
UK Managed Acc	190.0	200.4	-0.2	-
Property Acc	199.8	210.8	----	-
Money Acc	163.6	172.6	+0.1	-
Special Market Acc	225.5	237.9	+2.5	-
Japan Equity Acc	161.1	170.0	-1.1	-
North American Acc	133.1	140.5	-0.2	-
Pacific Acc	180.2	190.1	+0.3	-
Technology Acc	162.0	170.9	-1.5	-
Natural Resources Acc	99.2	104.7	+0.6	-
European Acc	113.9	120.2	-0.1	-
Residential Prop Acc	103.5	109.2	----	-
Swiss Equities Acc	35.4	37.4	-0.1	-
Hong Kong Acc	71.7	75.7	-0.3	-
UK High Inc Equ Acc	79.9	84.3	----	-
Int. Fixed Interest Acc	62.0	65.5	-0.2	-
Int. Managed Acc	57.8	60.9	-0.1	-
Group Pension Funds				
Equity Acc	800.9	825.7	-0.9	-
Fixed Interest Acc	662.5	685.0	+1.7	-
Managed Acc	137.4	140.1	-0.2	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund (Mixed)	1090.5	1145.0	-2.9	-
Equity Fund	251.6	264.2	-0.4	-
International Fd	138.6	145.5	-1.1	-
Fixed Interest Fd	182.1	191.2	-0.4	-
Property Fund	224.3	235.5	----	-
Index-Linked Fund	156.0	163.8	-0.1	-
Deposit Fund	167.6	176.0	----	-
Pens. Mixed (Ord) Fd	270.6	284.1	-0.6	-
Gold Pensions				
Discretionary Fund		132.2	-0.2	-
Equity Fund		132.6	-0.1	-
Fixed Interest Fund		136.9	-0.1	-
International Fund		107.5	-0.6	-
Property Fund		141.1	----	-
Index-Linked Fund		132.4	-0.1	-
Deposit Fund		147.0	+0.2	-
S & F Consolidation		137.5	+0.1	-
S & F Balanced		143.5	+0.2	-
S & F Maximum Growth		105.8	-0.6	-

Provident Mutual Life Assc. Assn.
Willian Rd, Hitchin, Herts SG4 0LP 0438 739000

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	351.7	370.2	-2	-
Managed Init	264.5	278.4	-1.6	-
Equity Ord	517.8	545.1	-4.6	-
Equity Init	389.3	409.8	-3.7	-
Index Linked Gilt Ord	153.9	162.0	-0.3	-
Index Linked Gilt Init	120.9	127.3	-0.2	-
Overseas Equity Ord	282.6	297.5	-0.8	-
Overseas Equity Init	212.5	223.7	-0.7	-
Property Ord	213.1	224.3	+0.1	-
Property Init	160.2	168.6	----	-
Fixed Interest Ord	204.4	215.2	-0.3	-
Fixed Interest Init	153.7	161.8	-0.3	-
Deposit Ord	174.8	184.0	+0.1	-
Deposit Init	131.5	138.4	+0.1	-
Pension Funds				
Managed Ord	446.4	469.9	-3	-
Managed Init	335.7	353.4	-2.4	-
Equity Ord	674.5	710.0	-7.7	-
Equity Init	507.2	533.9	-5.9	-
Pen Ind Lkd Gilt Ord	172.2	181.3	-0.3	-
Pen Ind Lkd Gilt Init	135.2	142.3	-0.3	-
Overseas Equity Ord	322.0	338.9	-1	-
Overseas Equity Init	242.1	254.8	-0.9	-
Property Ord	265.5	279.5	+0.2	-
Property Init	199.6	210.1	----	-
Fixed Interest Ord	254.0	267.4	-0.3	-
Fixed Interest Init	191.0	201.1	-0.2	-
Deposit Ord	244.9	257.8	+0.2	-
Deposit Init	184.2	193.9	+0.2	-

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Prufund				
Managed July 17	255.6	266.3	----	-

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 071-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Holborn Series I Life Funds				
Managed	557.7	587.1	(z)	-
Equity	1163.9	1225.2	(z)	-
Fixed Interest	435.8	458.8	(z)	-
Property	370.1	389.6	(z)	-
Cash	319.4	336.3	(z)	-
International	404.2	425.5	(z)	-
Holborn Series II Life Funds				
Managed	542.3	570.9	(z)	-
Equity	1128.0	1188.3	(z)	-
International	393.2	413.9	(z)	-
Fixed Intl	421.1	443.3	(z)	-
Property	357.7	376.6	(z)	-
Cash	308.2	324.5	(z)	-
Pacific Basin	208.9	220.5	(z)	-
North American	151.3	159.3	(z)	-
European	183.2	192.9	(z)	-
Holborn Balanced Grth	112.4	118.4	(z)	-
Holborn Strategic Grth	115.2	121.3	(z)	-

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 071-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	579.5	610.0	(z)	-
Equity	807.5	850.0	(z)	-
Global Equity	243.6	255.8	(z)	-
Fixed Interest	492.1	518.1	(z)	-
Property	354.4	373.1	(z)	-
Cash	205.4	216.3	(z)	-
Index Linked Gilt	228.7	240.8	(z)	-
Guaranteed	9.87		(z)	-
International Money	246.7	259.7	(z)	-
North American	78.5	82.7	(z)	-
Japanese	126.5	133.2	(z)	-
European	102.9	108.4	(z)	-
Special Situations	105.4	111.0	(z)	-
Global Growth	89.4	94.2	(z)	-
Smaller Companies	107.0	112.7	(z)	-
International Small Cos	134.9	142.0	(z)	-

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 071-548 3281

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Managed Funds				
Discretionary July 17	£178.42	183.74	----	-
Equity July 17	£198.19	204.96	----	-
International July 17	£29.94	30.59	----	-
Intl Bond July 17	£13.90	14.08	----	-
Fixed Int July 17	£70.84	71.92	----	-
Index Linked July 17	£101.38	106.46	----	-
Property July 14	£90.05	90.49	----	-
Cash July 17	£27.9714	27.9724	----	-
Pru-Linked Retirement Plan				
Managed July 16	421.2	438.8	----	-
Cash July 16	258.2	269.0	----	-
Prudential Pensions Investment Account				
Pens Mixed July 22	168.5	181.0	-0.1	-
Pens UK Eq July 22	309.5	333.5	-0.3	-
Pens Intl July 22	190.3	204.9	-0.3	-
Pens Global Eqty July 22	97.6	102.8	-0.1	-
Pens Fixed July 22	208.3	220.0	+0.5	-
Pens Index Lk July 22	182.8	193.0	+0.1	-
Pens Property July 22	82.8	87.2	----	-
Pens Cash July 22	168.6	177.6	----	-
Money Purchase Plan				
Discretionary July 22	94.00	102.00	----	-
Equity July 22	95.00	103.00	----	-
International July 22	93.00	99.00	-1.00	-
Global Equity July 22	94.00	100.00	----	-
Intl Bond July 22	93.00	97.00	-1.00	-
Fixed Interest July 22	94.00	103.00	----	-
Index Linked July 22	95.00	101.00	----	-
Property July 22	95.00	100.00	----	-
Cash July 22	95.00	100.00	----	-

For Regency Life Ass see AEGON Life Ass

Reliance Mutual
Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	151.1	159.1	+0.1	-
Equity Acc Fd	360.9	379.9	-0.6	-
Managed Acc Fd	310.5	326.8	----	-
Prop Fd (1st Issue)	-	666.3	----	-
Prop Acc Fd (2nd Iss)	130.8	137.6	----	-
Unit Trust Mn. Fd	120.7	127.1	----	-
RL Pension Funds				
Deposit Acc	212.0	223.1	+0.2	-
Equity Acc	263.9	277.8	-0.6	-
Fixed Int Acc	196.3	206.7	----	-
Gilt Index Lnk Acc	155.9	164.1	----	-
Managed Acc	333.2	350.7	----	-

Royal Heritage Life Assurance Ltd
Peterborough Business Pk, PE2 6GG 0733 370000

	Bid Price	Offer Price	+ or -	Yield Gross
Multi Grwth		526.6	----	-
Multiple Growth A Cap	361.5	380.5	----	-
Op Prop.	364.8	384.0	-0.1	-
Op Equity	697.2	733.9	+0.9	-
Op High Yld	409.0	430.6	-1.5	-
Op Man	554.3	583.5	----	-
Op Dep	333.8	351.4	+0.1	11.00
Op Inc Dist	188.8	198.8	+0.3	9.78
Op HA Man	310.6	327.0	-0.1	-
Op Emerging Co's	282.1	297.0	-0.5	-
Pension Funds				
Property Ser B	724.2	762.4	----	-
Equity Ser B	2049.4	2157.3	-0.8	-
Fixed Interest Ser B	751.8	791.4	-3.4	-
Managed Ser B	1059.2	1115.0	-1.2	-
Deposit Ser B	679.6	715.4	+0.4	-
Property Ser D		186.7	----	-
Equity Ser D		139.1	-0.1	-
Fixed Interest Ser D		187.2	-0.9	-
Managed Ser D		136.1	-0.1	-
Deposit Ser D		202.4	+0.1	-
Pension Unit Trust Funds				
Gartmore Global Ser B	169.9	178.9	----	-
Gartmore NA Ser B	102.6	108.0	+0.4	-
Gartmore Pacific Ser B	276.3	290.9	+0.7	-
Henderson Acc Ser B	192.9	203.1	+0.2	-
Perpetual Mng Ser B	196.1	206.5	-0.4	-
Framlington Mo Ser B	180.2	189.7	+0.4	-
Gartmore Mngd Ser B	208.8	219.8	+0.2	-
Gartmore Euro Ser B	143.1	150.7	+0.3	-
Gartmore Global Ser D		108.2	+0.5	-
Gartmore NA Ser D		117.9	+0.4	-
Gartmore Pacific Ser D		147.1	+0.2	-
Henderson Acc Ser D		144.6	-0.3	-
Perpetual Mng Ser D		145.2	+0.3	-
Framlington Mo Ser D		145.9	+0.2	-
Gartmore Mngd Ser D		174.0	+0.2	-
Gartmore Euro Ser D		110.9	+0.2	-
Baring Funds				
Australia	76.5	80.6	+3.2	-
Eastern	240.4	253.1	+0.3	-
European Smllr Cos	142.5	150.0	-0.2	-
Japan Smaller	133.5	140.6	-1.4	-
Managed	149.8	157.7	----	-

Royal Heritage Life Assurance Ltd—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
MIM Britannia				
European Smaller	125.5	132.2	-2.2	-
US Smlr Co's	124.5	131.1	+0.8	-
Extra Inc	139.5	146.9	-0.2	-
Sth & East Asia Grth	189.7	199.7	+1.0	-
Gold	36.1	38.0	+0.1	-
Int Growth	259.1	272.8	-0.7	-
Japan Perf.	231.2	243.4	-1.5	-
Japan Smlr Cos	205.2	216.0	-1.5	-
Nat High	219.2	230.8	-0.9	-
Prog Shares	131.2	138.2	+0.5	-
Smaller Cos	179.6	189.1	+0.9	-
Man Growth	202.6	213.3	-0.3	-
Gilt	72.5	76.4	----	-
Gartmore Funds				
American	169.9	178.9	-1.2	-
British	268.0	282.2	----	-
European	173.2	182.4	-0.7	-
Extra Inc.	187.1	197.0	+1.8	-
Frontier Markets	121.8	128.3	-0.8	-
Intl Fixed Interest	87.4	92.0	-0.4	-
Gold Intl Resources	59.1	62.3	-0.1	-
High Inc	255.1	268.6	-0.1	-
Hong Kong	175.4	184.7	-1.3	-
Income	319.0	335.8	-0.3	-
Japan	316.9	333.6	-2.6	-
UK Smlr Cos	259.8	273.5	+0.2	-
Man Gth	329.3	346.7	-0.5	-
Global Inc & Grth	121.3	127.7	+0.2	-
Worldwide Recovery	100.3	105.6	+0.4	-
European Select Opps	132.9	139.9	-0.1	-
Pacific Growth	165.1	173.8	+0.3	-
Perpetual Funds				
International Growth	114.0	120.0	-0.4	-
Income	111.5	117.4	----	-
American Growth	135.8	143.0	-0.4	-
Intl Emerging Cos	128.2	135.0	+0.4	-
Far East Growth	152.0	160.0	+0.4	-
European	134.1	141.2	-0.7	-
Managed	130.3	137.2	-0.1	-
TSB Funds				
Income	119.0	125.3	----	-
Managed	139.5	146.9	-0.3	-

Royal Life Insurance Ltd
New Hall Place, Liverpool L69 3HS 051-239 3000

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Shield Fd	701.1	741.9	(z)	-
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	283.1	297.9	(z)	-
Equity Fund	399.0	419.9	(z)	-
Property Fund	222.6	234.3	(z)	-
International Fund	332.6	350.1	(z)	-
Gilt Fund	257.5	271.0	(z)	-
Money Fund	188.7	198.6	(z)	-
United States Fund	151.2	159.1	(z)	-
Pacific Basin	196.7	207.0	(z)	-
Royal Life (Unit Lnkd. Pension Fds) Ltd				
Exempt Man Fd Acc	325.5	342.6	(z)	-
Exempt Equity Fd Acc	600.4	632.0	(z)	-
Exempt Prop Fd Acc	235.2	247.5	(z)	-
Exempt Intl Fd Acc	498.4	524.6	(z)	-
Exempt Gilt Fd Acc	290.3	305.5	(z)	-
Exempt Money Fd Acc	244.7	257.5	(z)	-

Royal Liver Assurance
Royal Liver Building, Liverpool, L3 1HT 051 236 1451

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	64.1	67.5	----	-
Global Equity	44.0	46.3	----	-
High Yield	53.3	56.1	----	-
Intl Equity	58.2	61.3	----	-
Fixed Interest	56.8	59.8	----	-
Money	65.8	69.3	----	-
Managed	61.5	64.7	----	-
Pensions				
UK Equity	66.9	70.4	----	-
Global Equity	40.7	42.8	----	-
High Yield	53.2	56.0	----	-
Intl Equity	59.5	62.6	----	-
Fixed Interest	64.8	68.2	----	-
Money	77.0	81.1	----	-
Managed	65.3	68.7	----	-
Tax Exempt				
Taxmaster	47.9	50.4	----	-

Save & Prosper Group (z)
16-22 Western Rd, Romford RM1 3LB 0708-766966

	Bid Price	Offer Price	+ or -	Yield Gross
Bal Inv Fd	560.1	592.7	-0.2	-
Deposit Fd†	311.5	329.7	----	-
Directors' Portfolio	59.6	63.1	-0.4	-
Gilt Fd	366.8	388.2	-0.7	-
Global Equity Fd	171.7	181.7	-0.1	-
Property Fd*	81.1	85.9	----	-
Equity Pens Fd	156.8	164.9	-0.1	-
Gilt Pens Fd	99.5	105.3	----	-
High Int Pens Fd†	106.9	113.2	----	-
Global Eq Pens Fd	144.7	153.2	-0.1	-
Man Pens Fd	138.5	146.6	-0.1	-
Prop Pens Fd*	97.2	102.9	----	-
A.G. Bond Fd	123.2	130.4	-0.2	-
Fleming Inv Fd	78.3	82.9	(z)	-
Fleming Pens Fd	85.4	90.4	(z)	-

†Weekly dealings. *Fortnightly dealings

Scottish Amicable
150 St Vincent St, Glasgow 041-248 2323

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds (First Series)				
Managed	340.9	358.8	+0.8	-
Equity	442.7	466.1	+2.2	-
Property	227.8	239.8	----	-
International	299.7	315.5	-1.1	-
Japanese	89.9	94.7	-0.9	-
Asia Pacific	99.9	105.2	+0.1	-
European	92.3	97.2	-0.1	-
American	95.3	100.4	-0.3	-
Fixed Interest	260.5	274.3	+0.9	-
Index-Linked Gilt	148.7	156.6	+0.2	-
Cash	195.6	205.9	+0.1	-
Life Funds (Second Series)				
Managed	93.9	98.9	+0.2	-
Equity	94.3	99.3	+0.5	-
Property	94.8	99.8	----	-
International	91.7	96.6	-0.3	-
Japanese	89.3	94.0	-0.9	-
Asia Pacific	97.0	102.2	+0.1	-
European	90.8	95.6	-0.1	-
American	92.2	97.1	-0.4	-
Fixed Interest	97.0	102.2	+0.3	-
Index-Linked Gilt	94.2	99.2	+0.2	-
Cash	96.1	101.2	+0.1	-
Pension Funds				
Building Society	148.6	156.6	----	-
Managed (Init)	211.2	222.4	+0.5	-
Managed (Acc)	373.4	393.1	+1.0	-
Equity (Init)	250.4	263.6	+1.5	-
Equity (Acc)	442.6	465.9	+2.8	-
Property (Init)	153.9	162.1	----	-
Property (Acc)	271.2	285.5	----	-
International (Init)	187.3	197.2	-1.4	-
International (Acc)	331.1	348.6	-2.3	-
Fixed Interest (Init)	183.6	193.3	+1.8	-
Fixed Interest (Acc)	324.5	341.6	+3.2	-
Cash (Init)	147.8	155.6	----	-
Cash (Acc)	261.1	274.9	+0.2	-

Scottish Equitable Life Assce. Soc.
28 St Andrew Sq, Edinburgh 031-556 9101

	Bid Price	Offer Price	+ or -	Yield Gross
Mixed	194.1	204.3	+0.9	-
UK Equity	189.6	199.6	+1.2	-
International	199.1	209.6	-0.2	-
American	171.8	180.8	+0.3	-
European	214.0	225.3	+0.1	-
Japan	204.5	215.3	-1.2	-
Pacific	234.3	246.6	+0.6	-
Technology	222.4	234.1	-0.8	-
Fixed Interest	136.5	143.7	-0.3	-
Indexed Linked	123.5	130.0	-0.1	-
Foreign Bond/Currency	166.9	175.7	+0.1	-
Cash	152.524	160.552	+0.037	-
Ethical	96.0	101.1	+0.7	-
Pens Mixed	536.7	564.9	+1.5	-
Pens UK Equity	610.8	642.9	+3.8	-
Pens International	584.6	615.4	-0.3	-
Pens American	170.9	179.9	+0.7	-
Pens European	233.7	246.0	+0.4	-
Pens Japan	232.0	244.2	-1.9	-
Pens Pacific	243.9	256.7	+1.5	-
Pens Fixed Interest	246.2	259.2	-0.7	-
Pens Index Linked	152.8	160.8	-0.4	-
Pens Cash	234.241	246.569	+0.061	-
Pens Property	206.6	217.5	----	-
Pens Ethical	114.0	120.0	+0.9	-
Edinburgh Inv.	280.3	295.1	+1.2	-
Baillie Gifford Japan	206.8	217.7	-2.8	-

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

	Bid Price	Offer Price	+ or -	Yield Gross
Property	173.7	183.0	+0.1	-
UK Equity	271.9	286.3	+1.2	-
American	176.0	185.3	-0.6	-
Pacific	234.3	246.8	-0.6	-
European	314.3	330.9	-0.9	0.0
International	215.1	226.5	-0.3	0.0
Fixed Interest	169.1	178.1	+0.2	-
Index Linked	155.7	164.0	----	-
Deposit	162.7	171.4	+0.1	-
Managed	213.0	224.3	+0.3	-
Worldwide	92.0	97.0	-0.1	-
With Profits Pens	69.6	73.4	----	0.0
Pens. Property	196.8	207.2	+0.1	-
Pens. UK Equity	313.8	330.3	+1.8	-
Pens. American	189.7	199.8	-0.7	-
Pens. Pacific	257.6	271.2	-0.5	-
Pens. European	363.0	382.2	-1.2	0
Pens International	243.6	256.5	-0.2	-
Pens. Fixed Int.	204.8	215.7	+0.2	-
Pens. Index Linked	165.9	174.7	----	-
Pens. Deposit	209.9	221.1	+0.2	-
Pens. Managed	284.3	299.4	+0.5	-
Pens. Worldwide	93.2	98.2	-0.2	-

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow 041-248 6321

	Bid Price	Offer Price	+ or -	Yield Gross
Flex End July 16	1277.1	1316.7	----	-
Pen Mngd Jun 30	878.3	905.5		

Scottish Mutual Investments
109 St Vincent St, Glasgow 041-248 6321

	Bid Price	Offer Price	+ or -	Yield Gross
Safety Fund	173.6	182.8	+0.5	-
Growth Fund	174.7	183.9	+0.8	-
Opportunity Fund	174.6	183.8	+0.9	-
Worldwide Venture Fnd	140.9	148.4	+1.3	-
UK Equity Fund	189.5	199.5	+1.6	-
UK Smaller Co. Fund	170.7	179.7	+1.1	-
European Fund	250.3	263.5	+0.4	-
Far Eastern Fnd	192.1	202.3	+1.4	-
Japanese Fnd	109.4	115.2	-1.4	-
North American Fund	177.2	186.6	+0.4	-
International Fund	307.7	318.7	-0.2	-
Gilts & Fxd Int Fund	141.0	148.5	+0.1	-
Index-Linked Fund	137.2	144.5	+0.1	-
Property Fund	128.8	135.6	----	-
Cash Fund	147.7	155.5	+0.1	-
Pens Safety Fnd	196.4	206.8	+0.4	-
Pens Growth Fund	186.3	196.1	+0.8	-
Pens Opportunity Fnd	186.2	196.0	+1.0	-
Pens W'wide Venture Fnd	144.8	152.5	+1.3	-
Pens UK Equity Fnd	186.5	196.4	+1.6	-
Pens UK Smllr Co's Fnd	157.2	165.5	+1.1	-
Pens European Fnd	314.4	331.0	+0.3	-
Pens Far East Fnd	201.5	212.2	+1.4	-
Pens Japanese Fnd	108.1	113.8	-1.5	-
Pens Nth American Fnd	210.7	221.8	+0.4	-
Pens International Fnd	307.2	323.4	-0.2	-
Pens Gilts/Fxd Int Fnd	149.3	157.2	+0.1	-
Pens Index-linked Fnd	133.1	140.2	+0.1	-
Pens Property Fnd	129.9	136.8	----	-
Pens Cash Fund	174.3	183.5	+0.2	-
Pens Halifax Fnd	181.0	190.6	+0.2	-

Scottish Provident Institution
6 St Andrews Sq, Edinburgh 031-556 9181

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	199.4	210.0	-0.3	-
Equity	209.6	220.8	-0.2	-
International	208.7	219.7	-0.4	-
Property	206.0	217.0	+0.1	-
Fixed Interest	162.2	170.8	-0.3	-
Index-linked	138.6	146.0	+0.1	-
Cash	161.0	169.6	+0.1	-
Americas Performance	114.3	120.4	+0.1	-
Europe Performance	91.4	96.3	-0.2	-
Far East Performance	81.9	86.3	+0.1	-
Worldwide Performance	79.6	83.9	+0.1	-
Blue Chip	111.4	117.3	-0.3	-
Pens Managed Ord	234.2	246.6	-0.3	-
Pens Equity Ord	251.6	264.9	-0.4	-
Pens International Ord	237.7	250.3	-0.5	-
Pens Property Ord	250.6	263.9	+0.1	-
Pens Fixed Interest Ord	206.5	217.5	-0.3	-
Pens Index-linked Ord	149.0	157.0	+0.1	-
Pens Cash Ord	213.5	224.8	+0.2	-
Pens Americas Perf Ord	114.4	120.5	+0.1	-
Pens Europe Perf Ord	82.9	87.4	-0.1	-
Pens Far East Perf Ord	88.6	93.4	-0.1	-
Pens W'wide Perf Ord	83.5	88.0	+0.1	-
Pens Blue Chip Ord	109.6	115.5	-0.3	-
Pens Bldg Soc Ord	161.1	169.7	+0.1	-

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU 031-655 6000

	Bid Price	Offer Price	+ or -	Yield Gross
Inv Pol 1 July 19	[illegible]	749.2	----	-
Inv Pol 2 July 19	687.2	723.3	----	-
Inv Pol 3 July 19	662.3	697.4	----	-
Inv Pol Cash Ser 2 July 19	262.4	276.3	----	-
Inv Pol Cash Ser 3 July 19	260.7	274.5	----	-
Mixed Fund	360.3	379.3	-0.1	-
Equity Fund	455.8	479.8	+0.2	-
Property Fund	222.8	234.5	+0.5	-
International Fund	355.3	374.1	-0.8	-
Fixed Int. Fund	256.6	270.0	+0.9	-
Index-Stk. Fd	152.0	160.2	-0.2	-
Cash Fd	189.4	199.5	-0.2	-
Pens. Mixed Fd. Ord	461.8	486.2	-1.6	-
Pens. Equity Fd. Ord	572.6	602.7	-1.4	-
Pens. Prop. Fd. Ord	271.8	286.2	+1.2	-
Pens. Int. Fd. Ord	427.5	450.5	-2.7	-
Pens. Fxd. Int. Fd. Ord	360.5	379.6	-0.8	-
Pens. Ind. Stk. Fd. Ord	173.5	182.7	-0.4	-
Pens. Cash Fd. Ord	280.6	295.4	-0.3	-
PM Man	2094.2	2204.5	-6.8	-
PM St Ex	2173.3	2287.7	-7.8	-
PM Property	225.2	237.1	+0.1	-
PM Pens Protection	140.1	147.5	-0.2	-
PM Cash	315.1	331.1	+0.3	-

Shield Assurance Ltd
40 Uxbridge Rd, W5 2BS 081-567 0700

	Bid Price	Offer Price	+ or -	Yield Gross
Gartmore Mngd	123.3	129.7	-0.2	-
Framlington Mngd Life	97.8	102.9	-0.1	-
Henderson Mngd Life	95.0	100.0	+0.4	-
Brunel Life	116.5	122.6	----	-
Secure Life	115.0	121.1	----	-
Gartmore Pens Mngd	129.0	135.7	-0.3	-

Skandia Life Assurance Co Ltd (z)
Skandia Hse, Portland Terr, Southampton 0703 334411
Skandia Price Line 0800 181396

	Bid Price	Offer Price	+ or -	Yield Gross
Skandia Life Managed Funds				
Balanced Managed	282.6	297.4	-0.2	-
Cautious Managed	106.9	112.5	-0.3	-
Deposit	226.1	237.9	+0.1	-
Equity	330.4	347.7	+0.3	-
International	255.7	269.1	-1.0	-
International Bond	100.2	105.4	(z)	-
Intl Recovery	187.9	197.7	+0.1	-
Gilt Plus	241.1	253.7	+0.5	-
North American	155.7	163.8	-0.4	-
North European	240.2	252.8	+0.4	-
Pacific	186.2	195.9	-1.1	-
Property	216.0	227.3	+0.1	-
Amer Index Monitor	127.0	133.6	-0.6	-
Euro Index Monitor	108.0	113.6	+0.3	-
Intl Index Monitor	93.1	98.0	----	-
Japan Index Monitor	66.3	69.7	-0.7	-
Tiger Index Monitor	97.1	102.2	+0.1	-
UK Index Monitor	117.8	124.0	----	-
Unit Trust Life Managed Funds				
Abtrust Managed	93.2	98.1	----	-
Baring Managed	101.8	107.1	----	-
CU Managed	180.0	189.4	-0.6	-
Fidelity Managed	134.8	141.8	+4.5	-
Framlington Managed	170.1	179.0	+0.2	-
Gartmore Managed	187.6	197.4	-0.2	-
Henderson Managed	188.1	198.0	+3.8	-
James Capel Mngd	108.3	114.0	+0.1	-
Kleinwort Benson Mngd	115.4	121.4	-0.1	-
Martin Currie Mngd	112.1	118.0	+0.1	-
MIM Britannia Managed	151.8	159.7	-0.2	-
Morgan Grenfell Mngd	103.9	109.3	-0.3	-
Murray J'stone Managed	102.5	107.8	-0.2	-
Perpetual Managed	144.0	151.5	+0.2	-
Schroder Managed	93.9	98.8	-0.1	-
TSB Managed	166.9	175.6	+0.5	-
Skandia Pension Managed Funds				
Balanced Managed	412.5	434.2	-0.4	-
Cautious Managed	110.0	115.7	-0.3	-
Deposit	368.6	388.0	+0.3	-
Equity	471.5	496.3	+0.1	-
International	399.1	420.1	-1.7	-
Intl Recovery	204.6	215.3	+0.1	-
Index Linked Gilt	103.4	108.8	+0.1	-
Gilt Plus	371.6	391.1	+0.8	-
Guaranteed Fd 1996	68.9	72.5	+0.1	8.49
North American	174.5	183.4	-0.5	-
North European	323.6	340.6	+0.5	-
Pacific	235.3	247.6	-6.3	-
Property	323.6	340.6	+0.2	-
Amer Index Monitor	131.1	137.9	-0.8	-
Euro Index Monitor	109.0	114.7	+0.3	-
Intl Index Monitor	93.3	98.2	----	-
Japan Index Monitor	63.3	66.6	-0.7	-
Tiger Index Monitor	97.3	102.4	+0.1	-
UK Index Monitor	121.3	127.6	----	-
Unit Trust Pension Managed Funds				
Abtrust Managed	93.6	98.5	----	-
Baring Managed	106.1	111.6	----	-
Fidelity Managed	139.1	146.4	----	-
Framlington Managed	245.5	258.4	+0.4	-
Gartmore Managed	260.2	273.8	-0.3	-
Henderson Managed	234.5	246.8	+0.3	-
James Capel Mngd	112.2	118.1	+0.2	-
Kleinwort Benson Mngd	119.1	125.3	-0.2	-
Martin Currie Mngd	116.6	122.7	+0.2	-
MIM Britannia Managed	199.1	209.5	-0.2	-
Morgan Grenfell Mngd	106.2	111.7	-0.3	-
Murray Johnstone Mngd	104.6	110.1	-0.2	-
Perpetual Managed	160.7	169.1	+0.2	-
CU Managed	205.7	216.5	-1.0	-
Schroder Managed	94.2	99.1	-0.1	-
TSB Managed	213.3	224.5	+0.4	-
Other Funds				
F & C Inv Tst Life	117.9	124.1	-0.6	-
F & C Inv Tst Pensions	124.1	130.6	-0.8	-
Tayforth Managed Life	89.9	94.6	+0.1	-
Tayforth Mngd Pens	98.1	103.2	+0.1	-

Standard Life Assurance Company
3 George St, Edinburgh EH2 2XZ 031-225 2552

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	517.9	545.2	+0.2	-
Equity	746.6	785.9	+1.8	-
Fixed Interest	281.5	296.4	-1.0	-
Index-Linked	156.9	164.6	----	-
International	438.5	461.6	-2.1	-
North American	119.8	126.2	-1.0	-
Far East	116.6	122.8	-0.6	-
European	116.9	123.1	-0.2	-
Property	292.8	308.3	+0.2	-
Cash	229.4	241.5	+0.1	-
Pension Managed	689.7	726.1	+0.2	-
Pension Stock Exchange	155.1	163.3	+0.1	-
Pension Equity	1025	1079	+2.7	-
Pension Fxd Int	361.0	380.1	-1.1	-
Pension Index-Linked	214.1	225.4	----	-
Pension International	586.7	617.6	-3.4	-
Pension Property	355.8	374.6	+0.2	-
Pension Cash	339.5	357.4	+0.3	-
Pension Nth American	139.2	146.6	-1.5	-
Pension Far East	91.30	96.20	-0.3	-
Pension European	133.0	140.0	-0.4	-

Sun Alliance Group
Sun Alliance House, Horsham 0403 64141

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed	482.3	507.7	-0.7	-
Deposit	249.6	262.8	+0.1	-
Equity	666.0	701.1	-0.9	-
Equity Income	159.2	167.6	-0.3	-
European	112.8	118.8	-0.2	-
Far East	154.2	162.4	-0.2	-
Fixed Interest	308.1	324.4	-0.4	-
Index Linked	235.0	247.4	-0.6	-
International	437.7	460.8	-0.6	-
North America	147.8	155.6	-0.4	-
Property	387.3	407.7	+0.1	-
Worldwide Bond	113.4	119.4	+0.2	-
Worldwide Financial	71.50	75.30	----	-
Worldwide Technology	84.60	89.10	----	-
International Bond		£56.41	----	-
Pension Funds				
Managed	360.6	379.6	-0.4	-
Building Society	157.9	166.3	----	-
Deposit	276.6	291.2	+0.1	-
Equity	428.0	450.6	-0.5	-
Equity Income	127.2	133.9	-0.4	-
Far East	68.40	72.00	-0.20	-
Fixed Interest	330.0	347.4	-0.5	-
Index Linked	322.9	339.9	-0.7	-
International	404.2	425.5	-0.7	-
Property	223.1	234.9	----	-
Worldwide Bond	117.8	124.0	+0.1	-
Fram Special Managed	127.8	134.6	-0.1	-
Fram America Smllr Cos	117.2	123.4	-0.3	-
Fram America Turnaround	109.6	115.4	-0.3	-
Fram Capital Tst	114.9	121.0	+0.4	-
Fram Intl Growth	132.2	139.0	+0.2	-
Fram Japan & General	195.3	205.6	-2.3	-
Fram Recovery Tst	157.3	165.6	-0.2	-
GT Special Mngd	114.0	120.0	-0.4	-
GT Amer Spec Sits	105.2	110.8	-1.2	-
GT Capital	143.9	151.5	-0.1	-
GT European	103.8	109.3	----	-
GT Far East & Gen	150.7	158.7	-0.1	-
GT International	100.7	106.0	-0.3	-
GT Japan & General	136.9	144.2	-1.6	-
GT US & General	115.4	121.5	-0.1	-
Phoenix Life Funds				
Wealth Assured	472.1	497.0	-0.6	-
Ebor Phoenix Eqty	379.5	403.3	-7.3	-
Phoenix Pension Funds				
Special Mngd	196.1	206.4	-0.2	-
Building Society	199.3	209.7	----	-
Equity	268.8	298.7	-0.4	-
Fixed Interest	190.2	200.2	-0.3	-
International	182.6	192.2	-0.3	-
Money	206.7	217.5	+0.1	-
Property	151.9	159.9	----	-
Fram Special Managed	181.4	190.9	-0.1	-
Fram America Smllr Cos	137.9	145.1	-0.3	-
Fram America Turnaround	133.2	140.2	-0.3	-
Fram Capital Tst	164.2	172.8	+0.5	-
Fram Intnl Growth	141.4	148.8	+0.3	-
Fram Japan & General	233.7	246.0	-2.6	-
Fram Recovery Tst	213.7	224.9	-0.2	-
GT Special Mngd	160.7	169.1	-0.2	-
GT Amer Spec Sits	93.70	98.60	-1.20	-
GT Capital	201.6	212.2	-0.2	-
GT European	198.2	208.6	----	-
GT Far East & Gen	221.3	232.9	-0.2	-
GT International	157.5	165.7	-0.3	-
GT Japan & General	230.3	242.4	-2.7	-
GT US & General	133.1	140.1	-0.2	-
Property Growth Life Funds				
Investment		254.8	-0.3	-
Investment (A)		245.7	-0.3	-
Abbey National		344.6	+0.1	-
Abbey National (A)		368.8	+0.1	-
Actuarial		437.3	-0.4	-
Agricultural		660.1	+0.1	-
Agricultural (A)		642.9	+0.1	-
Building Society		191.8	+0.1	-
Equity		959.6	-1.0	-
Equity (A)		925.4	-1.0	-
Gilt Edged		286.7	-0.4	-
Gilt Edged (A)		286.7	-0.4	-
International		477.8	-0.7	-
Money		392.1	+0.1	-
Money (A)		377.5	+0.1	-
Property		437.1	+0.1	-
Property (A)		413.0	----	-
Atlantic Investment		591.9	----	-
Atlantic All Weather	551.4	580.5	----	-
Property Growth Pension Funds				
Managed (Acc)		782.6	-0.9	-
Managed (Cap)		463.0	-0.5	-
Building Society (Acc)		653.2	+0.2	-
Building Society (Cap)		390.9	+0.1	-
Conv Bldng Soc (Acc)		721.4	+0.3	-
Conv Bldng Soc (Cap)		410.5	----	-
Equity (Acc)		687.4	-0.7	-
Equity (Cap)		405.3	-0.6	-
Gilt Edged (Acc)		322.3	-0.5	-
Gilt Edged (Cap)		188.8	-0.4	-
International (Acc)		230.7	-0.3	-
International (Cap)		176.4	-0.3	-
Property (Acc)		518.0	+0.1	-
Property (Cap)		298.5	----	-
Pension Fund Units		631.1	+0.2	-
Immediate Annuity		289.0	----	-
Retirement Annuity		868.8	----	-

Sun Life of Canada (UK) Ltd
Basing View, Basingstoke, RG21 2DZ 0256 841414

	Bid Price	Offer Price	+ or -	Yield Gross
Maple Leaf Plans				
Growth Account		1111.9	----	-
Managed Account		627.6	----	-
Equity Account		891.5	----	-
Managed Fd. Accum.	293.8	309.3	----	-
Equity Fd. Accum.	397.0	418.0	----	-
Property Fd Accum.	237.6	250.2	----	-
Fixed Int. Fd. Accum.	220.2	231.8	----	-
Intnl. Fd. Accum.	349.8	368.2	----	-
Money Fd Accum.	186.7	196.5	----	-
Index-Lk.Sec.Fd.Accm.	160.4	168.9	----	-
Personal Plans				
Pers. Pens. Account		1320.2	----	-
Pens Mgd Acc Fd Accm	614.0	646.3	----	-
Pers. Equity Fd. Acc.	241.2	253.9	----	-
Pers. Prprty. Fd. Acc.	208.0	219.0	----	-
Pens. Fixed Int Fd Acc	191.6	201.7	----	-
Pens. Intl Fd Acc	164.4	173.0	----	-
Pens. Money Fd Acc	189.8	199.8	----	-
Pens. Ind-lnkd Sec Acc	147.2	155.0	----	-
Pens. Gtd. Fd. Acc	185.3	195.1	----	-
Uni Pers Mgd Acc Fd Acc	137.1	144.4	----	-
Uni.Pens.Equity Fd.Acc	141.7	149.1	----	-
Uni.Pens.Property Fd.Acc	147.1	154.9	----	-
Uni.Pens.Fixed Int.Fd.Acc	129.3	136.2	----	-
Uni Pens Intl Fd Acc	130.6	137.5	----	-
Uni.Pens.Money Fd.Acc	142.7	150.2	----	-
Uni.Pens.Ind.Lnkd.Sec.Acc	139.4	146.8	----	-
Uni.Pens.Gtd.Fd.Acc	142.0	149.5	----	-

Sun Life Unit Assurance Ltd
St James Barton, Bristol BS99 7SL 0272 426911

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Acc	631.2	664.5	-1.6	-
Property Acc	285.0	300.1	-0.2	-
Equity Acc	998.6	1051.2	-0.1	-
Fixed Interest Acc	274.9	289.4	-0.5	-
Cash Acc	262.2	276.0	+0.2	-
International Acc	363.5	382.7	-0.4	-
Distribution	237.1	249.6	-0.1	7.80
American Equity Acc	274.5	289.0	-2.4	-
Far Eastern Acc	503.5	530.0	-2.4	-
Index-Linked Acc	151.6	159.6	+0.1	-
Japan Acc	232.4	255.7	-3.2	-
Pacific Acc	176.8	186.1	-0.5	-
European	128.4	135.2	-0.5	-
Amer Recovery Bond		109.3	-0.2	-
Gold Distribution	114.0	120.1	----	-
Sun Life Pensions Management Ltd (Units for individual pension contracts)				
Pens. Managed Acc	789.6	831.2	-2.0	-
Pens. Property Acc	288.1	303.3	----	-
Pens. Equity Acc	1256.8	1301.9	-0.2	-
Pens. F. Interest Acc	315.2	331.8	-0.7	-
Pens. Cash Acc	334.2	351.8	+0.3	-
Pens. Internat. Acc	464.7	489.2	-4.1	-
Pens. Amer. Eqty Acc	277.7	292.4	-4.6	-
Pens. Far Eastern Acc	854.6	899.6	-5.3	-
Pens. Ind. Lnkd. Acc	168.3	177.21	+0.1	-
Pens. Japan Acc	285.2	300.2	-3.7	-
Pens. Pacific Acc	240.0	252.7	----	-
Pens. Euro. Acc	139.9	147.3	-0.3	-
Pens. Bldg Soc.	143.8	151.4	+0.1	-

CMI Insurance Co Ltd—Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Iberian Equity	£0.4410	0.4750	+0.004	-
Nordic Equity	£0.4360	0.4690	-0.001	-
Benchm. Equity	£0.4490	0.4830	----	-
Dollar Funds				
Antipodean Equity	$0.5670	0.6100	+0.007	-
Canadian Equity	$0.4530	0.4880	----	-
Japanese Equity	$0.4860	0.5230	-0.003	-
US Equity	$0.4720	0.5080	----	-
SE Asia Equity	$0.5640	0.6070	+0.001	-
US Bond	$0.4720	0.5080	+0.005	-
Japan Bond	$0.4380	0.4710	+0.006	-
USS Currency Reserve	$0.4760	0.5120	+0.001	-

Eagle Star Intl Financial Services
Hillary Hse, Prospect Hill, Douglas, IoM 0624 662266

ECU Futures Plc

	Bid Price	Offer Price	+ or -	Yield Gross
ECU Omega Funds	134.0		-2.0	-
ECU Royden	117.0		-2.0	-

Edinburgh Money Management Ltd
41a Charlotte Square, Edinburgh EH2 4HQ 031 220 1244

	Bid Price	Offer Price	+ or -	Yield Gross
Select Portfolio	28.4	29.91	+0.21	-

Fairmount Financial Services Ltd
Fairmount Hse, Bull Hill, Leatherhead 0372 370000

	Bid Price	Offer Price	+ or -	Yield Gross
Secure	106.3		+0.2	-
Growth	103.5		+0.2	-

Gartmore Fund Managers Ltd
Safeguard, underwritten by General Portfolio Life Ass.

Hambros Fd Mgrs (CI) Ltd
PO Box 255, Guernsey 0481 726454

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

MANAGEMENT SERVICES

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Uncertainty surrounds dollar

THE DOLLAR finished higher on the day in Europe, but trading was uncertain. Foreign exchange dealers are looking for guidance on whether the dollar's decline has developed into a trend, since the heavy central bank intervention on July 12, or if the fall of the last week or so has been no more than a natural correction from the high of around DM1.8400.

US data on durable goods orders tomorrow and second quarter gross national product growth on Friday may not provide sufficient evidence, but UBS Phillips and Drew, the London stockbroker, suggests that the bull run, taking the dollar up 16 per cent in trade weighted terms since February, is over. Swiss Bank Corporation forecasts that there may still be renewed upward momentum, but that the currency is near its peak. Midland Montagu, taking a longer term view, believes the dollar will be a relatively depressed currency over the next few years, possibly falling to DM1.40 and Y100.

At the London close yesterday the dollar had climbed to DM1.7585 from DM1.7485; to Y137.40 from Y136.45; to SFr1.5215 from SFr1.5150; and to FFr5.9700 from FFr5.9375. Its index rose to 66.9 from 66.8.

Sterling showed little reaction to surprisingly robust UK economic news. The trade position in June was expected to show little change from May, but the current account was in surplus by £23m, compared with a revised deficit of £522m in May, and the visible trade gap narrowed to £377m from a revised £922m. June retail sales were generally forecast to fall slightly, but rose 1.3 per cent, after falling 0.5 per cent in May.

The UK Treasury said that "the recession in retail sales clearly is coming to, perhaps even is, at an end."

Nevertheless the figures had little impact on the pound. Sterling fell 95 points to $1.6810 against the dollar, moving in line with other European currencies. It was unchanged at DM2.9550 and eased slightly to *FFr10.0350 from FFr10.0375 and* to SFr2.5575 from SFr2.5600, but rose to Y231.00 from Y230.75. The pound's index closed unchanged at 91.1.

In the European exchange rate mechanism sterling improved slightly to third from fourth strongest. The French franc was weak, only very slightly above the lowest placed Danish krone in the ERM, despite the Bank of France's decision to leave interest rates unchanged at yesterday's money market tender. The market now awaits today's French trade figures, amid some speculation of a June surplus.

The Australian dollar had a strong undertone, prompting intervention to sell the currency by the Reserve Bank of Australia. Dealers in New York also believed the US Federal Reserve may have intervened on behalf of the Reserve Bank. It was suggested that the Aus*tralian authorities are trying to* keep the currency below 78.00 US cents. In London it closed at 77.60 cents, little changed from the earlier level in Sydney.

£ IN NEW YORK

July 22	Latest	Previous Close
£ Spot	1.6810-1.6820	1.6940-1.6950
1 month	0.81-0.79pm	0.73-0.71pm
3 months	2.05-2.02pm	2.06-2.03pm
12 months	6.05-5.95pm	6.07-5.97pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 22	Previous
8.30 am	91.0	90.9
9.00 am	91.0	91.0
10.00 am	90.9	91.0
11.00 am	91.0	91.0
Noon	91.1	90.9
1.00 pm	91.1	90.9
2.00 pm	91.2	90.9
3.00 pm	91.1	91.0
4.00 pm	91.1	91.1

CURRENCY MOVEMENTS

Jul 22	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.1	-20.3
U.S Dollar	66.9	-11.9
Canadian Dollar	104.9	+1.8
Austrian Schilling	108.4	+11.1
Belgian Franc	110.0	-2.9
Danish Krone	107.4	+2.1
D-Mark	116.1	+23.1
Swiss Franc	109.6	+18.6
Dutch Guilder	112.7	+15.0
French Franc	101.6	-13.9
Lira	98.2	-20.1
Yen	138.0	+70.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jul 19

CURRENCY RATES

[illegible]

OTHER CURRENCIES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 22	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.358	-3.95	5.56	69
Italian Lira	1538.24	1531.08	-0.47	1.87	29
Sterling	0.696904	0.694375	-0.36	1.77	6
Belgian Franc	42.4032	42.2972	-0.25	1.65	18
D-Mark	2.05586	2.05509	-0.04	1.43	11
Dutch Guilder	2.31643	2.31663	0.01	1.39	6
Irish Punt	0.767417	0.768716	0.17	1.23	-2
French Franc	6.89509	6.98009	1.23	0.16	-61
Danish Krone	7.84195	7.95149	1.40	0.00	-58

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads; the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jul 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6800 - 1.6850	1.6805 - 1.6815	0.80-0.78cpm	5.64	2.05-2.02pm	4.84
Canada	1.9410 - 1.9555	1.9455 - 1.9465	0.40-0.36cpm	2.34	0.76-0.67pm	1.47
Netherlands	3.3250 - 3.3400	3.3250 - 3.3350	⅝-½cpm	2.03	1⅛-⅞pm	1.20
Belgium	60.65 - 61.05	60.65 - 60.75	13-9cpm	2.17	32-24pm	1.85
Denmark	11.4050 - 11.4625	11.4125 - 11.4225	2-1¼orepm	1.64	4¾-3¾pm	1.45
Ireland	1.1020 - 1.1110	1.1040 - 1.1050	0.09-0.04ppm	0.71	0.30-0.20pm	0.91
Germany	2.9525 - 2.9625	2.9525 - 2.9575	⅝-⅜pfpm	2.03	1⅝-1¼pm	1.78
Portugal	251.80 - 254.10	252.00 - 253.00	293-395cdis	-16.35	444-630dis	-8.51
Spain	184.00 - 185.20	184.05 - 184.35	25-32cdis	-1.86	76-87dis	-1.77
Italy	2197.00 - 2207.25	2200.75 - 2203.75	par-1liredis	-0.27	2-4dis	-0.55
Norway	11.4925 - 11.5525	11.4975 - 11.5075	¾-¼orepm	0.65	2¼-1¼pm	0.57
France	10.0250 - 10.0600	10.0300 - 10.0400	1½-1¼cpm	1.64	3⅝-3⅛pm	1.44
Sweden	10.6825 - 10.7325	10.6825 - 10.6925	¾-¼orepm	0.70	1¼-⅝pm	0.37
Japan	229.75 - 231.50	230.50 - 231.50	¾-⅝ypm	3.57	2¼-1⅞pm	3.46
Austria	20.78 - 20.85	20.79 - 20.82	4¼-3¼gropm	2.16	10½-7¼pm	1.67
Switzerland	2.5500 - 2.5625	2.5525 - 2.5625	¾-⅝cpm	3.23	2-1¾pm	2.93
Ecu	1.4335 - 1.4435	1.4370 - 1.4380	0.21-0.16cpm	1.54	0.41-0.33pm	1.03

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.58-3.53cpm . 12 Month 6.00-5.90cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jul 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6800 - 1.6850	1.6805 - 1.6815	0.80-0.78cpm	5.64	2.05-2.02pm	4.84
Ireland†	1.5190 - 1.5250	1.5220 - 1.5230	0.53-0.48cpm	3.98	1.50-1.40pm	3.81
Canada	1.1545 - 1.1600	1.1560 - 1.1570	0.29-0.32cdis	-3.16	0.82-0.87dis	-2.92
Netherlands	1.9725 - 1.9850	1.9805 - 1.9815	0.53-0.56cdis	-3.30	1.53-1.58dis	-3.14
Belgium	36.05 - 36.25	36.05 - 36.15	8.30-10.30cdis	-3.09	23.50-29.50dis	-2.94
Denmark	6.7825 - 6.8075	6.7900 - 6.7950	1.87-2.17oredis	-3.57	5.45-6.05dis	-3.39
Germany	1.7505 - 1.7610	1.7580 - 1.7590	0.45-0.47pfdis	-3.14	1.34-1.36dis	-3.07
Portugal	150.00 - 150.75	150.10 - 150.20	175-205cdis	-15.18	360-430dis	-10.52
Spain	109.30 - 109.90	109.50 - 109.60	67-70cdis	-7.50	179-185dis	-6.65
Italy	1305.00 - 1310.80	1309.25 - 1309.75	6.00-6.50liredis	-5.73	17.00-18.00dis	-5.35
Norway	6.8250 - 6.8625	6.8400 - 6.8450	2.45-2.75oredis	-4.56	6.90-7.40dis	-4.18
France	5.9500 - 5.9775	5.9675 - 5.9725	1.75-1.80cdis	-3.57	4.86-4.96dis	-3.29
Sweden	6.3575 - 6.3725	6.3550 - 6.3600	2.40-2.65oredis	-4.77	6.90-7.35dis	-4.48
Japan	136.50 - 137.50	137.35 - 137.45	0.15-0.17ydis	-1.40	0.45-0.48dis	-1.35
Austria	12.3300 - 12.3950	12.3550 - 12.3600	3.15-3.60grodis	-3.28	9.40-10.55dis	-3.23
Switzerland	1.5125 - 1.5225	1.5210 - 1.5220	0.25-0.29cdis	-2.13	0.70-0.76dis	-1.92
Ecu	1.1670 - 1.1725	1.1690 - 1.1700	0.41-0.39cpm	4.10	1.13-1.10pm	3.81

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jul 22	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11 - 10⅞	11⅛ - 11	11⅛ - 11	11⅛ - 11	10 15/16 - 10 13/16	10 13/16 - 10¾
US Dollar	5⅞ - 5¾	6 - 5⅞	6 - 5⅞	6⅛ - 6	6 5/16 - 6 3/16	6 13/16 - 6 11/16
Can. Dollar	8¼ - 8	8½ - 8¼	8½ - 8¼	8⅝ - 8½	8¾ - 8⅝	9⅛ - 8⅞
Dutch Guilder	8¾ - 8⅝	8⅝ - 8½	8 13/16 - 8 11/16	9⅛ - 9	9¼ - 9⅛	9⅜ - 9¼
Swiss Franc	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾	8 - 7⅞	7⅞ - 7¾
D-Mark	8 13/16 - 8 11/16	8 13/16 - 8 11/16	8⅞ - 8¾	8⅞ - 8¾	9⅛ - 9	9¼ - 9⅛
French Franc	9 5/16 - 9 3/16	9 5/16 - 9 3/16	9¼ - 9⅛	9⅜ - 9¼	9 7/16 - 9 5/16	9 9/16 - 9 7/16
Italian Lira	12 - 10	11½ - 10½	11⅛ - 10⅞	11½ - 11	11⅝ - 11⅜	12 - 11¾
Belgian Franc	8⅞ - 8¾	8 15/16 - 8 13/16	8 15/16 - 8 13/16	9⅛ - 9	9 5/16 - 9 3/16	9⅜ - 9¼
Yen	7 13/16 - 7 11/16	7 13/16 - 7 11/16	7 13/16 - 7 11/16	7 13/16 - 7 11/16	7⅞ - 7¾	7⅞ - 7¾
Danish Krone	9¼ - 9⅛	9¼ - 9⅛	9⅜ - 9¼	9 9/16 - 9 7/16	9⅝ - 9½	9¾ - 9⅝
Asian $Sing	6 - 5⅞	6 - 5⅞	6 1/16 - 5 15/16	6 3/16 - 6 1/16	6 5/16 - 6 3/16	6 9/16 - 6 7/16

Long term Eurodollars: two years 7½-7⅜ per cent; three years 8-7⅞ per cent; four years 8¼-8⅛ per cent; five years 8½-8⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
103	1.86	-	-	0.12	0.55	-
104	-	1.60	-	0.32	0.90	-
105	0.49	1.06	-	0.74	1.34	-
106	0.17	0.65	1.00	1.42	1.90	2.27
107	0.06	-	-	-	-	-
108	0.02	-	-	-	-	-
Open Int	153,037	36,842	8,385	108,477	24,520	14,750

Estimated volume 18,667 Total Open Interest 346,011

BASE LENDING RATES

	%		%		%
ABN Bank	11	Co-operative Bank	11	McDonnell Douglas Bnk.	11
Adam & Company	11	Coutts & Co	11	Midland Bank	11
Allied Trust Bank	11	Cyprus Popular Bk	11	Mount Banking	11
AIB Bank	11	Dunbar Bank PLC	11	NatWestminster	11
● Henry Ansbacher	11	Duncan Lawrie	11	Northern Bank Ltd	11
B & C Merchant Bank	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Bank of Baroda	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Banco Bilbao Vizcaya	11	Financial & Gen. Bank	12	Roxburghe Bank Ltd.	12.5
Bank of Cyprus	11	First National Bank Plc.	14	Royal Bk of Scotland	11
Bank of Ireland	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of India	11	Robert Fraser & Ptnrs.	11½	Standard Chartered	11
Bank of Scotland	11	Girobank	11	TSB	11
Banque Belge Ltd	11	● Guinness Mahon	11	Unibank plc	11
Barclays Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Benchmark Bank	11.5	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
Brit Bk of Mid East	11	Heritable & Gen Inv Bnk.	11	Western Trust	11
● Brown Shipley	11	● Hill Samuel	11	Westpac Bank Corp.	11
CL Bank Nederland	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
Citibank NA	11	Hongkong & Shanghai	11	Yorkshire Bank	11
City Merchants Bank	11	● Leopold Joseph & Sons	11		
Clydesdale Bank	11	Lloyds Bank	11		
Comm. Bk. of London Plc	11	Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Unmoved by data

THERE WAS virtually no reaction on the London money market to UK economic data yesterday. June retail sales were stronger than expected and the current account showed a surprising surplus on the month.

Dealers had already become resigned to a period of unchanged bank base rates however and yesterday's news *did nothing to alter this view.*

Three-month sterling interbank was unchanged at 11 1/16-11 per cent and 12-month money was steady at 10 13/16-10 11/16 per cent.

Short sterling futures also *failed to react to the figures.* September delivery opened unchanged at 89.36 on Liffe and traded in a narrow range of 89.33 to 89.36 before closing at 89.35.

Day-to-day credit was in short supply on the cash market. The Bank of England initially forecast a shortage of £1,150m, but revised this to £1,250m at noon. Total assistance of £1,280m was provided.

An early round of help was offered and at that time the authorities bought £830m bills, including £3m bank bills outright in band 1 at 10⅞ per cent.

Another £827m bills were purchased for resale to the market in equal amounts on August 5 and 6, at interest rates of 10 13/16-10 11/16 per cent.

In further operations before lunch £420m bank bills were bought outright in band 1 at 10⅞ per cent. The Bank of England did not operate in the *bill market during the* afternoon, but provided £30m of late assistance.

Bills maturing in official hands, repayment of late *assistance and a take-up of* Treasury bills drained £790m, with exchequer transactions absorbing £680m and bank balances below target £270m. *These outweighed a fall in the* note circulation adding £600m to liquidity.

In Paris the Bank of France left its money market intervention rate at 9 per cent and its five to 10-day repurchase rate at 10 per cent when injecting funds into the domestic banking system.

In early trading Paris call money was quoted close to the intervention rate, at 9⅛ per cent, on speculation that the central bank might ease its monetary stance. *This followed* last week's news that French year-on-year inflation was lower than Germany's in June.

In Frankfurt call money rose *to 8.85 from 8.75 per cent, as* tax payments drained liquidity from the money market.

**UK clearing bank base lending rate
11 per cent
from July 12, 1991**

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

NEW YORK — Treasury Bills and Bonds

[illegible]

July 22	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.80-8.90	8.80-8.95	8.85-9.00	8.95-9.10	9.10-9.25	9.00
Paris	9-9⅛	9⅛-9¼	9⅛-9¼	9¼-9⅜	9⅜-9½	9.25
Zurich	7⅞-7⅝	7⅞-7¾	-	7⅞-8	-	-
Amsterdam	8.25-8.38	8.85-8.95	-	9.06-9.16	-	-
Tokyo	7⅞-7¾	7 13/16-7 11/16	-	7⅞-7¾	-	-
Milan	10⅞-11	11⅛-11½	-	11¼-11⅝	-	-
Brussels	8¾-8⅝	8 13/16-8⅞	-	9-9⅛	-	-
Dublin	9-8⅞	10-9⅞	10¼-10	10¼-10	10¼-10⅛	-

LONDON MONEY RATES

Jul 22	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11¼	11⅛	11⅛	11 1/16	10 15/16	10 13/16
Interbank Bid	6	11	11 1/16	11	10 13/16	10¾
Sterling CDs	-	-	11 1/16	11	10 13/16	10 13/16
Local Authority Deps.	10⅞	11	11 1/16	11 1/16	10 15/16	10¾
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10¼	11	10⅞	10⅞	-	-
Company Deposits	-	-	11⅛	11 1/16	10⅞	10 13/16
Finance House Deposits	-	-	11¼	11⅛	11	10¾
Treasury Bills (Buy)	-	-	10¾	10⅝	10 9/16	-
Bank Bills (Buy)	-	-	10 13/16	10 11/16	10⅝	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.98	6.03	6.30	6.68
SDR Linked Dep. Offer	-	-	7 13/16	7 13/16	7 13/16	8
SDR Linked Dep. Bid	-	-	7 11/16	7 11/16	7 11/16	7⅞
ECU Linked Dep. Offer	-	-	9¾	9¾	9 13/16	10
ECU Linked Dep. Bid	-	-	9⅝	9⅝	9 11/16	9⅞

Treasury Bills (sell); one-month 10 11/16 per cent; three months 10 9/16 per cent; six months 10 7/16 per cent; Bank Bills (sell): one-month 10⅝ per cent; three months 10 9/16 per cent; Treasury Bills; Average tender rate of discount 10.4912 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 28 ,1991 . Agreed rates for period July 24,1991 to August 25 , 1991, Scheme I: 12.50 p.c., Schemes II & III: 12.53 p.c. Reference rate for period June 1, 1991 to June 28 , 1991, Scheme IV&V: 11.295 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from July 1 , 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held *under one month 7½ per cent;* one-three months 10 per cent; three-six months 9½ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per cent from July 15,1991 , Deposits withdrawn for cash 5 per cent.

POUND - DOLLAR

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

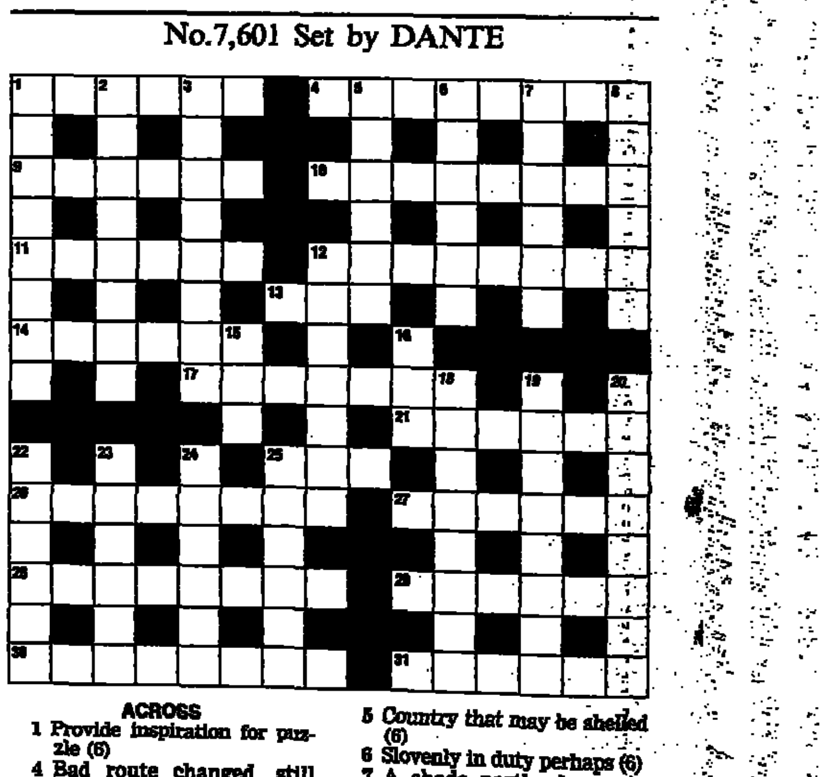
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

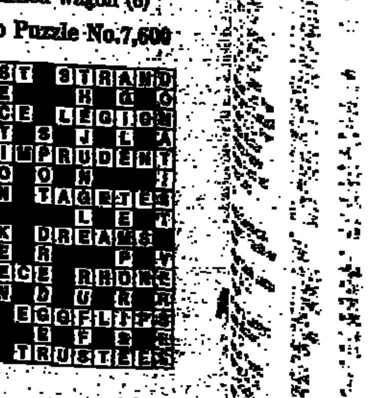
No.7,601 Set by DANTE



ACROSS
1 Provide inspiration for puzzle (6)
4 Bad route changed, still hard (8)
9 Dangerous fuse an explosion *reveals* (6)
10 Security unit with zip (8)
11 Dead body found right in the middle of a small wood (6)
12 Clearance resulting *from* free ball (8)
13 It may move with the current – possibly electric (3)
14 A car's crashed and left by a villain (6)
17 Date and remove (4,3)
21 Distant meteor disintegrates (6)
25 Contraction of credit can be painful (3)
26 Disclosure made by a photographer (8)
27 I'm given shore duty (6)
28 There's no case of robbery in the trading centre (8)
29 I'm sadly returning spiced food (6)
30 Interview people in the house (8)
31 Take away or put back on the agenda? (6)

DOWN
1 They may lead to quick ducks for batsmen (8)
2 Kept woman is married, I emphasise (8)
3 Equestrian ability acquired by large majority (4,4)
5 *Country that* may be shelled (6)
6 Slovenly in duty perhaps (6)
7 A shade partly drawn in good weather (6)
8 With the organ study over, got paid employment (6)
12 Parson on the lake, daydreaming (7)
15 Hit fifty before lunch (3)
16 Dog use in security (3)
18 Varieties of meat for a fellow sportsman (4-4)
19 Spot of colour trouble in America (8)
20 The way to sit for an ideal journey? (8)
22 Let Eva twirl in the dance (6)
23 Added zest in the kitchen (6)
24 Note condition of council houses (6)
25 Ill-fated US soldier trapped in overturned wagon (6)

Solution to Puzzle No.7,600



WORLD STOCK MARKETS

AUSTRIA

July 22	Sch	+ or −
Austrian Airlines	2,990	+25
Creditanstalt	628	−24
EA General	4,130xd	−70
EVN	845	−1
Jungbunzlauer	9,597	+2
Laenderbank	1,100	+10
OeMV	879	−1
Perlmooser Zement	1,735	−20
Radex Heraklith	800	−90
Reininghaus Brau	2,100	+10
Steyr Daimler	393	−1
Veitscher Magnesit	596xd	−10
Verbund (Br) A	503	−9
Wienerberger	5,560	−40

BELGIUM/LUXEMBOURG

July 19	Frs.	+ or −
ACEC-Union Min	2,350	....
Arbed	4,375	...
BBL	2,800	....
Bank Intl a Lux	10,040	....
Bang Gen Lux Pts	12,900	...
Barco	1,110	....
Bekaert	9,400	....
CBR Ciment	8,140	....
Cobepa	5,030	....
Cobepa AFV 1	4,980	....
Cockerill Priv	174	....

FRANCE (continued)

July 22	Frs.	+ or −
Bongrain	2,300	....
Bouygues	553	−5
CGIP	1,005	−9
C M B Packaging	152.80	−0.60
Casaio	1,052	−5
Cap Gemini S	328.50	−2.30
Carrefour	1,870	−13
Casino	129.90	+4.20
Cetelem	745	+5
Chargeurs	724	−11
Club Mediterranee	435	−1
Cogifi	310	−8
Coparex	566	+2
C C F	145.40	−1.30
Cr Fonc France	1,140	+6
Cred Lyon (CI)	498	−10
Credit Nationale	1,188	−2
Damart	2,000xd	+3
Docks de France	363	+3
Dollfus Mieg Cie	334	−3
EBF	730	....
Eaux Cie Genl	2,360xd	+3
Ecco	369.30	−5.70
Elf-Aquitaine	357.20	+5.20
Elf-Aquitaine Certs	218	−1.80
Essilor Int	338.50	−1.40
Etex	1,675	
Eurafrance	1,600	+1
Eurocom	790xd	+1
Euro Disney	121	−0.50
Exor	1,380	

CANADA

TORONTO

3:30 pm prices July 22

MONTREAL

3:15 pm prices July 22

INDICES

NEW YORK

DOW JONES

STANDARD AND POOR'S

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

CANADA

TORONTO

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

**Saturday July 13: Taiwan Weighted Price: 5148.13 Korea Comp Ex. 652.74.
a Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 22 July 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	3.5m	408	-1	Takuma	2.2m	1,140	-10
Nihon Nohyaku	2.9m	1,730	-130	Mitsubishi Heavy	2.1m	700	+2
Hitachi	2.5m	1,130	0	Sumitomo Metal	1.9m	410	0
Kitano Const.	2.4m	2,080	+20	Nippon Carbon	1.9m	853	-12
Kawasaki Steel	2.3m	395	-2	Sumitomo Chem.	1.8m	438	-7

3:30 pm prices July 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	9¼	AAR Corp	0.48	0.03	16	211	15½	15	15½	+¼
18¾	14½	A L Labs A	0.18	0.01	19	68	17⅞	17½	17⅞	-⅛
55½	40⅞	AMP Inc	1.44	0.03	21	1003	54⅞	54⅜	54⅞	-⅛
68⅝	44¼	AMR			11	2034	62¼	61⅛	61⅛	-⅝
2⅝	1¼	ARX			1	11	1⅝	1½	1½	
56	41½	ASA	3.50	0.07	15	809	52¾	51⅝	51¾	-¾
54	39¼	Abbott Lab x	1.00	0.02	21	3433	52⅝	51½	52	+½
14½	9⅞	Abitibi Pr x	0.50	0.04	28	4	13¾	13¾	13¾	
11⅝	10⅜	ACM Gvt In x	1.26	0.11		413	11¾	11⅛	11¼	
9¾	8¾	ACM GvOpp x	1.01	0.11		81	9¼	9⅛	9⅛	-⅛
9¼	8¼	ACM Gvt Sp	1.01	0.11		257	9⅛	9	9	
11	9⅞	ACM Gvt Se	1.26	0.12		419	10⅞	10¾	10¾	-⅛
8⅜	7⅝	ACM Man x	1.01	0.12		238	8¼	8⅛	8¼	
12⅞	11½	ACM Managd x	1.35	0.11		114	12¼	12	12⅛	
7½	4¾	Acme Cleve	0.40	0.06	15	79	6½	6⅜	6⅜	-⅛
6	3½	Acme Elect			38	3	4	3⅞	3⅞	-⅛
40	22¾	Acuson			25	575	34⅜	33¾	33⅞	-¾
18½	14¼	Adams Expr	0.48	0.03	0	59	u18½	18¼	18⅜	
20⅛	17¾	Adobe12Pl x	2.40	0.13		7	18	17⅞	17⅞	-⅛
9¼	6¾	Adobe Res			21	21	7½	7⅜	7⅜	-⅛
38½	18	Ad Micro				58	34	34	34	-½
14¼	4⅝	Ad Micro P	3.00	0.28	17	4481	11¼	10⅞	10⅞	-¼
5⅛	2¼	Advest Grp	0.16	0.04	5	46	4⅜	4¼	4⅜	
49⅛	33⅞	Aetna Lf x	2.76	0.07	7	4515	40⅞	39	39¼	-2½
10⅝	6⅝	Affil A	0.24	0.03	35	229	8⅜	8⅜	8⅜	-⅛
20¼	12	Ahmanson	0.88	0.05	10	1847	17½	17	17¼	-½
12¾	2⅞	Aileen Inc			14	752	11½	10⅝	10⅞	-½
74¼	51⅜	Air Pr Chm	1.44	0.02	14	1435	68¼	64¼	64¼	-2
26⅝	16⅝	Airbne Frt	0.30	0.01	16	1627	u27½	26	27½	+1⅜

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20¾	18	RockwlCtP	1.90	0.10	18	132	19	18¾	18⅞	−⅛
200	187¼	Rockwl1.35				z100	195	195	180	−15
29¾	22¼	Rockwl	0.86	0.03	10	1257	27¼	27	27	−⅛
5½	3½	Rodm&Rens			12	5	4⅛	4⅛	4⅛	+⅛
48¾	32¾	Rohm&Haas	1.24	0.03	17	139	45⅝	45¼	45⅜	−⅛
25⅝	14⅞	Rohr Inds			18	770	24⅛	23½	24¼	+⅝
12⅞	8½	RollinsEnv	0.09	0.01	19	1791	9	8⅝	8¾	−⅛
25	18⅝	Rollinsinc	0.58	0.02	19	174	23⅝	23¼	23½	+⅜
13½	7⅛	RollinsTrL	0.20	0.02	12	162	13	12⅞	12⅞	
11⅞	7⅞	Rowan Cos			55	590	9	8¾	8⅞	−⅛
25	22¼	RoyBkScot	2.81	0.12		50	24⅞	24⅛	24⅞	
84¾	73½	RylDutch	4.23	0.05	10	2129	82⅛	81¼	82	+⅜
11	7½	Royce Val				120	10⅛	10	10	
54	37	Rubbermaid	0.80	0.01	27	539	53	51½	52¾	+1¼
17½	13	RussBerrie	0.60	0.04	11	298	13¼	13⅛	13⅛	−⅛
7⅛	4	Russ Togs			1	72	5⅜	5⅝	5⅝	−⅛
26⅞	19¾	Russell Cp	0.32	0.01	21	409	26⅞	25⅝	25¾	
21⅞	14	Ryder Sys	0.60	0.03	22	362	18⅞	18½	18⅝	−⅛
25¼	13¾	Ryland Grp x	0.60	0.03	27	583	18¾	18	18	−⅞

- S -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26½	20⅞	S Anita Rt	2.08	0.08	17	10	25¼	25⅛	25⅛	−⅛
15¼	11½	SCOR US Cp	0.24	0.02	8	10	13	12⅞	12⅞	−⅛
37	20¼	SPS Technol	1.28	0.04	16	17	30¾	30½	30¾	+¼
2⅛	⅞	SaatchiS&S			0	474	1	1⅛	1⅛	
13	11	Sabine Rt x	1.53	0.14	7	93	12¼	11⅞	12	−⅛
8⅞	5⅞	Safecard	0.30	0.04	8	46	8½	8⅜	8½	
13⅝	8⅛	Safeg'd Sc			3	z100	12⅝	12⅛	12½	
37	25	SafetyKln	0.32	0.01	31	620	32⅞	31¼	32¼	+⅜
21⅞	11⅞	Safeway			17	641	19¼	18⅝	18¾	−⅛
4⅞	2⅞	SafewayWt6				32	4⅞	4⅛	4⅛	−⅛
35⅞	25⅞	StJoePaper	0.20	0.01	33	16	34⅞	34⅛	34⅝	

1991 High	1991 Low	Stock
14½	11½	Swiss Helv
23¾	10¼	Symbol Tec
12¾	7⅛	Syms Corp
16⅞	13⅛	Synovus Fn
43¾	30¼	Syntex Crp
44⅛	30	Sysco Corp x
9⅞	4⅝	Systems Co

- T -

1991 High	1991 Low	Stock
9¼	4½	TCBY Enter
16⅞	7	TCF Financ
8⅞	6⅞	TCW Conv S
46⅞	29⅞	TDK Corp A
9⅛	6⅝	T I S Mtge
19⅞	9⅝	TJX Cos
21	16½	TNP Enterp
44⅞	34½	TRW Inc
1½	⅞	TecomaBoat
25½	16⅛	Taiwan Fd
8¼	4½	Talleyind
11⅞	7	Talley Pf
59½	38⅝	Tambrands
18⅞	9¼	Tandem
36½	25	Tandy Corp
12⅛	10⅞	Teams Mun x
35⅛	31½	Teco Energ
30½	16⅞	Tektronix x
1⅝	⅞	Telecom Co
24⅞	14⅞	Teledyne
30⅛	24⅞	TeleEspSA
49½	28½	Templeinl
18½	11½	TemplEmMk
9⅝	8⅝	TempltGlob
8⅞	7⅞	TempltGfd x
62	33½	Tenneco

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
60⅛	35¼	Xerox	3.00	0.05	10	1629	57⅛	58½	57	−⅛
51	43¼	Xerox4.125				20	u51	51	51	+1
21⅛	14⅛	Xtra 1.94				22	20⅝	20⅝	20⅝	
24⅞	14¼	Xtra Corp	0.72	0.03	22	5	23½	23¼	23¼	−½
24¼	21⅞	Yankee Egy	1.60	0.07	12	55	22½	22¼	22½	+¼
1½	⅝	Zapata			0	172	⅞	¾	⅞	−⅛
9⅞	6⅛	ZenithElec			2	455	6¾	6⅝	6⅝	−⅛
18½	12	Zenith Nat	1.00	0.06	75	2	18	18	18⅛	
6¼	4½	Zemex Inc x	0.84	0.14		6	6	5⅞	6	
15⅛	10⅞	Zero Corp	0.40	0.03	15	387	14⅝	14⅞	14⅝	−⅛
41⅞	29½	Zurn Ind	0.88	0.02	15	247	38⅛	37⅝	38	−⅛
13½	10¼	Zweig Fund x	1.12	0.09		207	12¾	12½	12⅝	+⅛
10	8½	Zweig Totl	0.86	0.10		606	u10	9⅞	10	

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:30 pm prices July 22

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
OMI Corp	0.14	15	141	9	8⅞	8⅞	
Pall Corp	0.44	28	301	37⅛	36¾	37	+½
Pegasus G		8	320	13⅞	13⅝	13⅝	−⅛
Perini		7	19	11⅞	11	11⅞	−⅛
Pet HI&P	0.31	12	4	10⅜	10¼	10¼	
Phil LD	0.17	8	188	19⅞	19½	19⅝	−⅛
Pittway A	1.10	10	2	23⅞	23⅞	24⅛	

NASDAQ NATIONAL MARKET

3:30 pm prices July 22

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		36	1211	25½	25	25½	
XL Data		19	439	9¾	9¼	9½	
Xoma Corp		13	6823	25	23	24½	+⅞
Yellow Fr	0.94	14	520	30⅝	29½	30¼	+1
York Rsch		17	1891	18	17	17½	−½
ZionsUtah	1.44	9	202	u44	43¼	43¾	+¼

AMERICA

Weak insurance sector leads equities down

Wall Street

SHARE PRICES weakened across the board yesterday morning after big declines in the insurance sector because of rating agency downgrades, *writes Patrick Harverson in New York.*

By 1.30 pm the Dow Jones Industrial Average was down 10.96 at 3,005.37. The more broadly based Standard & Poor's 500 was also lower, down 1.31 at 382.91 at 1 pm, while the Nasdaq composite of over-the-counter stocks was down 5.15 at 528.70 at 1.30 pm. Turnover on the New York Stock Exchange was 91m shares by 1 pm.

In the absence of a lead from economic news, sentiment reflected the decision late on Friday by Moody's Investors Service, the top Wall Street ratings agency, to lower its ratings on six big insurance companies. This was because of the continued deterioration of commercial property values, and expected increases in the number of underperforming real estate loans and investments owned by the insurers.

Although only one of the six – Travelers – is a publicly traded company, Moody's said that it was looking at several others. This statement, allied to general concern about the health of the US insurance industry, meant that all of the big insurance stocks took a tumble yesterday. The biggest fall was in Travelers, which tumbled $2¼ to $18⅝ on turnover of over ½m shares.

West Coast bank stocks were also weaker, hit by reduced earnings estimates from Brown Brothers Harriman, the broking house. Worst affected were BankAmerica, down $1 at $35⅛, First Interstate Bancorp, down $1¼ at $29½ and Wells Fargo, down $1 at $72¼. The exception was Security Pacific, which rose $¾ to $23¼.

C&S Sovran rose $1⅛ to $$27 on turnover of 1m shares and NCNB fell $1½ to $35½ after the two banks signed a definite pact on a share-swap merger which will create the third largest banking group in the US.

The culmination of another share-swap merger agreement affected two over-the-counter stocks in the biotechnology sector. Cetus fell $1⅝ to $16⅛ on turnover of 1.4m shares and Chiron by $3¼ to $57⅛. The merger will follow the sale of Cetus technology to its joint venture partner Hoffman-La Roche for $300m.

Reebok rose $1¼ to $28¼ in active trading after the sport-shoe maker reported a second quarter profit of 64 cents a share, compared to the 38 cents a share earned a year earlier. Also higher on second quarter earnings was Eaton Corp, which gained $2⅝ to $65⅝.

Disappointing quarterly earnings and warnings about future growth hit from Liz Clairborne, the retailer, down $7⅝ to $40¾ on turnover of 2.6m shares.

Canada

TORONTO hovered at session lows in slow midday trade, after a partial recovery in the Canadian dollar weakened export-oriented sectors. The composite index lost 12.1 to 3,549.2, although advances led declines by 154 to 128 on volume of 9.9m shares.

The Canadian dollar firmed to about C$1.156 against the US dollar after plunging to about C$1.163 last week. The Bank of Canada hardened short-term interest rates in support and further rises may be in store, analysts said.

Inco, which reported a drop in second quarter earnings from C$1.94 to 28 cents per share, fell C$¾ to C$42⅞. The gold, metals and minerals and pipeline indices, all dependent on the level of the US dollar, fell back in tandem.

SOUTH AFRICA

JOHANNESBURG drifted lower after last week's record highs and weekend revelations of secret government funding for Inkatha. The all-gold index fell 23 to 1,410 and the industrial index lost 6 to 4,041. The all-share index fell 18 to 3,523.

ASIA PACIFIC

Tokyo volume falls to lowest level since October 1986

Tokyo

ACTIVITY waned in Tokyo on caution over the lingering effects of the stock scandals, and volume fell to 160m shares, the lowest since October 1986, *writes Emiko Terazono in Tokyo.*

The Nikkei closed 161.07 down at the day's low of 22,705.29; it hit a high for the session of 23,005.63 in the morning, but moved in a small trading range throughout the day. The fall was broadly based. The Topix index of all first section stocks shed 8.77 to 1,786.07, and the second market lost 19.68 to 3,078.81. In London the ISE/Nikkei 50 index firmed 0.45 to 1,366.51.

Arbitrage-related selling towards the close depressed share prices. Investors also stayed on the sidelines ahead of Thursday's testimony by government officials before the House of Representatives finance committee.

An announcement by Nomura Securities of a press conference after the market closed also depressed sentiment. Nomura announced the resignation of chairman Mr Setsuya Tabuchi to become a company adviser, and said that Mr Yoshihisa Tabuchi, former president, would also step down from his present post of vice-chairman to become a company adviser. Reports of second-tier brokerage houses compensating favoured clients also discouraged investors.

There were fears that more scandals could be in the offing. However, Mr Phillip Dodds at S.G. Warburg said the uncertain feeling that the market could move either way resembled the situation in January before the Gulf war started. "If effects of the scandals clear up, we could see a rally lasting up to two to three months," he maintained.

Mr Takatoshi Okuyama of Daiwa Securities added that the strength of the yen against the dollar, and lower short-term interest rates, were positive factors but that fears of more bad news were adding to the selling pressure.

Among second-tier brokerages, New Japan Securities, which admitted to compensating favoured clients for investment losses, fell Y21 to Y651, while Wako Securities declined Y15 to Y925.

Speculative issues fell on concern over margin positions. Takuma, the boiler maker, slipped Y10 to Y1,140 and Nippon Carbon Y12 to Y853.

High-priced small companies, popular in recent months for their low liquidity, lost ground. Seven-Eleven Japan fell Y40 to Y7,990. Investors looking for quick profits had sent the issue up to a 1991 high of Y8,510 in June.

In Osaka, the OSE average lost 85.17 to 25,694.52 on volume of 8.8m shares. Shares declined on light selling. Mitsumi Electric fell Y50 to Y1,710.

Roundup

APART FROM a gloomy and indolent Taiwan, the region's equity markets seemed to be buzzing with life yesterday. Manila was closed for a national day of prayer.

TAIWAN continued its plunge, the weighted index dropping 252.29 or 4.9 per cent to 4,895.84 after a fall of 61.53 on Saturday. The market is now 22.4 per cent below its 1991 high of 6,305.22 registered on May 9.

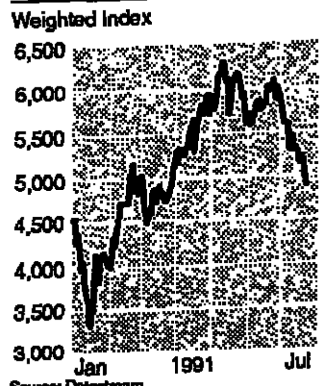
Turnover was a light T$23.3bn. Sentiment was gloomy in spite of a year-on-year rise of 14.5 per cent in Taiwan's June export orders. After last month's licensing of 15 new banks, said dealers, investors were unwilling to keep banking shares.

BANGKOK scored its highest daily gain since March. Finance issues led a broadly based advance as the SET index jumped 33.28 or 4.9 per cent to 710.61 on turnover of 4.63bn baht. Until recently the market had been one of the weakest in the region.

SINGAPORE saw the Straits Times Industrial index rise 35.52 or 2.4 per cent to 1,491.40 in moderate trade, helped by a stable Wall Street and bargain hunting in index-linked stocks. The index gain was the largest for a single day since February 18, when it rose 39.43.

Taiwan

Weighted Index



Source: Datastream

KUALA LUMPUR was mixed, but closed with the composite index 3.16 higher at 595.85 following last week's statement that investigations into alleged insider trading had found no irregularities.

AUSTRALIA moved to an 11-month high after local and overseas investors rushed to buy leading stocks.

Buying orders triggered by hopes of a further reduction in interest rates sent the All Ordinaries index ahead 19.7 to 1,570.3; the interest was sparked by Reserve Bank governor Mr Bernie Fraser, who said on Friday that there was scope for an easing in monetary policy.

SEOUL hit a year's high for turnover, which rose to Won511bn as the composite index put on 6.77 to 659.51. Aggressive individual buying of major shares was matched by profit-taking.

BOMBAY fell on pre-budget nerves and selling ahead of today's holiday. The BSE index shed 36.07 or 2.48 per cent to 1,419.31. There were fears that cuts in government expenditure and tax increases would be announced in tomorrow's budget.

NEW ZEALAND ended slightly lower. Telecom, listed last Thursday, was steady at NZ$2.30. The NZSE 40 Capital index eased 1.43 to 1,463.61.

EUROPE

Banks feature as summer holidays restrict activity

BANKS featured in a quiet day as the summer holiday season progressed. Brussels was closed, *writes Our Markets Staff.*

MILAN closed slightly higher but volume was thin, estimated at L100bn after Friday's L119bn. Investors were reluctant to take out positions ahead of a parliamentary debate on constitutional reform later this week. The Comit index rose 1.38 to 569.20.

In the banking sector, Banca Commerciale Italiana climbed L90 or 2 per cent to L4,570 following weekend reports that its board was considering an accord with Credito Italiano. Credito edged up L20 to L2,670.

ZURICH closed with the Crédit Suisse index 1.2 lower at 544.9 ahead of half-year figures from SBC and Union Bank. Just after hours SBC said it expected sharply higher group cash flow in 1990 but the registered shares, dealt in London, eased back from an unchanged SFr333 at the close to SFr332.

In a review of the Swiss banking sector, Mr Christopher Davis of BZW observed that there has been no follow-through after a brief period of outperformance early this year. "Our assessment," he added, "is that there will not be one until the prospect of a meaningful decline in domestic interest rates becomes more clearly defined."

MADRID had better luck with its banks, apart from Banesto. The sector features in a review by Nikko Securities which likes Spanish equities, and thinks that banks will command the initial focus of attention.

Banks were generally firm yesterday as the general index rose 1.83 to 268.32 but Banesto let the side down, falling Pta95 to Pta3,525. Mr Mark Rorison of Nikko said that last week's Banesto results seemed encouraging, but that the stock had run up on merger talk earlier this year and was probably vulnerable on that score.

In utilities, Endesa reported an 18 per cent rise in first half earnings and the shares rose Pta85 to Pta2,470.

FT-SE Eurotrack 100 - Jul 22

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1108.70	1108.31	1109.44	1109.98	1111.17	1111.99	1112.97	1113.67

Day's High 1113.75 Day's Low 1108.03

Jul 19	Jul 18	Jul 17	Jul 16	Jul 15
1111.23	1106.24	1104.80	1110.41	1111.59

Base value 1000 (26/10/90)

PARIS ended little changed. The CAC 40 fell just 0.76 to 1,762.78 in thin turnover of FFr1.2bn after Friday's FFr1.8bn.

The weakness of the French franc, which vied with the Danish krone for bottom place in the Exchange Rate Mechanism, fading hopes of an interest rate cut and political uncertainty also deterred investors.

Elf Aquitaine was one of the day's busiest shares, rising FFr5.20 to FFr357.20 on volume of 211,700 shares. The stock, weak recently, was boosted by a buy recommendation from Goldman Sachs. After the close, the oil company said that it estimated its first half consolidated net profit at FFr5.2bn after FFr4.86bn.

Casino, the retailer, rose again following last week's report in a financial magazine that the stock was oversold. The report also reminded investors that Casino was a potential takeover candidate if the founding family decided to sell. The stock, which gained 4.4 per cent on Friday, put on another 3.3 per cent or FFr4.20 to FFr129.90 in relatively heavy volume of 95,150 shares.

Reports that a French-led consortium would be awarded a £250m contract to build Britain's first toll motorway lifted GTM-Entrepose by FFr5.70 to FFr430.70 with 6,700 shares traded. GTM is also expected to win a $400m contract to build a Serbian motorway. But the reports failed to cheer GTM's parent Lyonnaise des Eaux-Dumez which fell FFr10 to FFr532.

News that French car registrations fell 13.5 per cent in June from the same month in 1990 pushed Peugeot FFr2 lower to FFr588.

FRANKFURT recovered from a day's low of 1,614.24 in the DAX index to close 0.96 lower at 1,623.03 after a fall of 3.97 to 675.49 in the FAZ at midsession. Volume fell from DM3.7bn to DM2.9bn.

Market sentiment was dampened by a rise in the Bundesbank's average bond yield from 8.80 to 8.84 per cent on continued talk of higher interest rates, and by the widening probe by Frankfurt prosecutors into possible tax evasion by market operators.

Big stocks were mostly flat or little changed. Among second-liners, however, Degussa fell DM8.10 to DM342 on reports that the company faced a writedown on its stake in an Australian mine. Also in basic materials, Metallgesellschaft fell DM7.50 to DM494, extending last week's weakness against the market.

There was also weakness among smaller stocks. AEG and SEL in electricals fell DM4.70 to DM184.50, and DM8 to DM369 respectively, and Wella in hair care dropped DM18 to DM640.

AMSTERDAM followed London higher after a weak start. The CBS tendency index closed 0.3 higher at 94.4. There was some foreign interest in Philips which ended 40 cents higher at Fl 32.60 following recent reports that Philips was planning to sell its loss-making information systems division to DEC.

STOCKHOLM closed lower for the fourth consecutive day. The Affärsvärlden general index fell 3.5 to 1,136.1 in thin turnover of SKr236m after Friday's SKr462m. The B-free shares in Incentive, the investment and industrial spin-off of Asea, recovered from last week's losses to gain SKr3 to SKr186.

ISTANBUL fell 3.6 per cent to its lowest close since early January. The 75-share index lost 121.7 to 3,291.08.

Mexico and S Africa reach record highs

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1991	Start of 1991	Start of 1991
Austria	-0.78	-5.71	-29.45	+7.81	+4.76	-8.23
Belgium	-0.43	-0.98	-10.35	+13.69	+11.44	-2.38
Denmark	-0.15	+3.23	+2.10	+28.35	+25.05	+9.53
Finland	-1.42	-7.83	-22.34	+7.25	+4.90	-8.12
France	+0.31	-1.99	-13.25	+15.08	+12.58	-1.39
Germany	-1.43	-5.14	-19.41	+12.49	+9.82	-3.82
Ireland	+3.28	+1.37	-16.04	+16.80	+14.51	+0.31
Italy	-0.15	-4.54	-25.38	+9.22	+7.81	-6.55
Netherlands	+1.66	+0.05	+0.96	+20.58	+17.85	+3.22
Norway	-0.47	-2.02	-14.15	+11.98	+10.22	-3.45
Spain	-0.41	-4.64	-12.12	+18.86	+18.32	+3.63
Sweden	-0.57	+1.30	-9.41	+37.95	+39.77	+22.43
Switzerland	+1.16	+1.78	-5.66	+25.50	+20.59	+5.63
UK	+1.82	+1.88	+5.34	+18.09	+18.09	+3.44
EUROPE	+0.73	-0.61	-6.44	+17.03	+15.58	+1.23
Australia	+1.60	+2.88	-1.26	+23.12	+41.55	+23.99
Hong Kong	+2.53	+12.25	+14.63	+38.75	+56.93	+37.45
Japan	-0.66	-4.12	-23.36	+3.41	+17.37	+2.81
Malaysia	-0.12	-4.67	-7.56	+9.49	+21.49	+6.42
New Zealand	-1.89	+1.27	-28.16	+13.80	+27.32	+11.50
Singapore	-0.28	-3.91	-11.00	+20.87	+37.08	+20.07
Canada	+1.63	+0.99	+0.02	+7.41	+22.84	+7.60
USA	+1.06	+1.85	+5.49	+16.70	+33.23	+16.70
Mexico	+4.70	+15.50	+122.25	+99.92	+123.50	+95.77
South Africa	+3.93	+4.78	+15.42	+30.83	+61.59	+41.53
WORLD INDEX	+0.51	-0.53	-7.85	+12.75	+23.87	+8.51

† Based on July 19th 1991. Copyright, The Financial Times Limited, Goldman, Sachs & Co.,and County NatWest Securities Ltd

By Antonia Sharpe

MEXICO and South Africa made the biggest gains last week, with both ending at record highs. The FT-Actuaries world index rose just 0.5 per cent in local currency terms, held back by a 0.6 per cent fall in Japan.

Mexico added 4.7 per cent in local currency terms, bringing its gain so far this year to 99.9 per cent, against 92.8 per cent in terms of the US dollar. The bolsa hit record highs on Monday, Thursday and Friday on continued overseas and domestic demand. Volume increased above the average daily level of $88m on Tuesday and Thursday to $199m and $227m respectively, due to a big cross-trade and a share placement.

Baring Securities notes that industrial shares such as Telmex, the recently privatised telephone monopoly, and the retailer Cifra continued to feature last week. Telmex was boosted by reports that Goldman Sachs had increased its 1991 earnings projections. Cifra, which announced a joint venture in Mexico with Wal-Mart, of the US, the previous week, was lifted by rumours that Wal-Mart intended to take control of Cifra. This was later denied by Cifra.

Profit-taking was evident during Friday's record-breaking session and Barings expects the market to consolidate in the near term. However, the broker believes that the market's fundamental outlook is still positive.

South Africa reached record peaks last Thursday and Friday to end the week 3.9 per cent higher in local currency terms. Analysts said the market continued to attract overseas investment, following the lifting of economic sanctions by the US, and South Africa's re-admittance to the Olympic Games. There was domestic demand for De Beers and Anglo American, while Iscor, the steel company, attracted foreign interest.

Analysts believe that Johannesburg will be supported at current levels by the shortage of scrip and by reports that the government is likely to raise the prudential guidelines for institutional equity investment from 65 per cent to 75 per cent.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY JULY 19 1991							
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield
Australia (69)	146.37	+1.6	128.37	126.25	133.06	125.34	+1.1	5.13
Austria (20)	180.45	+0.9	158.25	155.64	164.03	164.92	+0.3	1.68
Belgium (49)	129.07	+1.2	113.19	111.31	117.32	114.74	+0.1	5.14
Canada (115)	139.91	−0.4	122.70	120.67	127.18	117.37	+0.0	3.31
Denmark (37)	254.80	+0.9	223.47	219.78	231.63	234.62	−0.2	1.50
Finland (16)	94.76	+0.6	83.11	81.74	86.14	84.15	+0.0	2.86
France (112)	129.92	+1.5	113.94	112.05	118.09	121.00	+0.2	3.69
Germany (65)	107.63	+1.5	94.40	92.85	97.84	97.84	+0.2	2.29
Hong Kong (55)	167.43	+0.7	146.84	144.41	152.21	166.79	+0.7	4.15
Ireland (18)	148.92	+2.2	130.60	128.45	135.37	137.46	+1.1	3.72
Italy (77)	73.96	+3.2	64.86	63.79	67.23	72.05	+2.1	3.24
Japan (474)	128.27	+0.2	112.49	110.63	116.62	110.63	+0.0	0.76
Malaysia (68)	225.75	+1.1	197.98	194.70	205.21	241.61	+0.9	2.77
Mexico (16)	1144.19	+1.5	1003.47	986.89	1040.12	3772.38	+1.5	1.44
Netherland (31)	138.29	+1.5	121.29	119.28	125.72	124.34	+0.2	4.31
New Zealand (14)	48.40	+0.6	42.45	41.75	44.00	44.62	−1.4	6.82
Norway (32)	197.22	+2.3	172.96	170.11	179.28	182.56	+1.0	1.61
Singapore (38)	191.24	+0.3	167.72	164.95	173.84	154.23	+0.3	2.22
South Africa (61)	258.65	+0.3	227.02	223.26	235.30	178.20	+0.6	3.07
Spain (54)	145.42	+1.3	127.54	125.44	132.20	120.75	+0.1	4.47
Sweden (27)	195.22	+1.4	171.21	168.39	177.47	183.15	+0.3	2.43
Switzerland (58)	93.94	+1.4	82.39	81.03	85.41	88.23	+0.1	2.18
United Kingdom (240)	171.37	+1.2	150.29	147.80	155.77	150.29	−0.2	4.88
USA (526)	155.57	−0.2	136.44	134.19	141.43	155.57	−0.2	3.10
Europe (836)	136.19	+1.4	119.44	117.47	123.81	122.14	+0.2	3.91
Nordic (112)	188.50	+1.3	165.32	162.59	171.36	166.41	+0.1	1.94
Pacific Basin (718)	129.81	+0.3	113.84	111.97	118.00	112.54	+0.1	1.12
Euro−Pacific (1554)	132.67	+0.8	116.35	114.42	120.60	117.13	+0.1	2.26
North America (641)	154.52	−0.3	135.51	133.29	140.49	153.00	−0.2	3.11
Europe Ex. UK (596)	115.17	+1.6	101.01	99.36	104.72	105.85	+0.4	3.18
Pacific Ex. Japan (244)	145.09	+1.1	127.25	125.16	131.91	129.85	+0.8	4.33
World Ex. US (1746)	134.86	+0.7	118.27	116.33	122.60	118.71	+0.1	2.30
World Ex. UK (2032)	137.91	+0.3	120.95	118.96	125.38	128.23	+0.0	2.34
World Ex. So. Af. (2211)	140.04	+0.4	122.82	120.80	127.31	129.90	+0.0	2.59
World Ex. Japan (1798)	148.83	+0.4	130.53	128.38	135.32	141.14	+0.0	3.44
The World Index (2272)	140.84	+0.4	123.51	121.48	128.03	130.33	+0.0	2.60

NATIONAL AND REGIONAL MARKETS	THURSDAY JULY 18 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	144.03	126.06	124.55	132.62	123.96	147.30	112.74	148.91
Austria (20)	178.77	158.94	154.59	164.60	164.48	222.37	167.00	276.83
Belgium (49)	127.52	113.38	110.26	117.41	114.62	151.20	121.73	154.66
Canada (115)	140.42	124.85	121.42	129.28	117.39	142.27	126.49	140.39
Denmark (37)	262.45	224.46	218.31	232.44	235.11	270.56	217.74	272.22
Finland (16)	94.22	83.78	81.48	86.76	84.17	125.15	90.00	134.45
France (112)	128.04	113.84	110.71	117.88	120.71	152.26	120.60	161.86
Germany (65)	106.04	94.28	91.71	97.63	97.63	125.35	102.03	141.51
Hong Kong (55)	166.24	147.81	143.75	153.07	165.69	167.43	119.62	146.61
Ireland (18)	145.71	129.55	126.00	134.16	136.01	162.46	132.66	190.36
Italy (77)	71.68	63.73	61.98	65.99	70.61	88.23	69.89	107.59
Japan (474)	127.95	113.76	110.64	117.82	110.64	146.97	118.35	151.21
Malaysia (68)	223.37	198.60	193.15	205.66	239.50	247.78	192.63	249.67
Mexico (16)	1126.94	1001.97	974.50	1037.62	3715.50	1144.19	534.45	548.87
Netherland (31)	136.23	121.12	117.80	125.44	124.07	145.73	125.70	147.04
New Zealand (14)	48.12	42.78	41.61	44.31	45.25	54.64	41.18	70.17
Norway (32)	192.77	171.39	166.69	177.49	180.66	223.24	182.24	251.13
Singapore (38)	190.60	169.47	164.82	175.49	153.71	208.25	151.63	206.14
South Africa (61)	258.20	229.57	223.27	237.73	177.21	258.85	173.00	179.06
Spain (54)	143.59	127.67	124.17	132.21	120.58	171.12	131.51	181.57
Sweden (27)	192.44	171.10	166.41	177.19	182.68	204.12	146.60	229.96
Switzerland (58)	92.65	82.38	80.12	85.32	88.17	100.67	82.17	106.81
United Kingdom (240)	169.30	150.53	146.39	155.87	150.53	187.44	156.27	175.40
USA (526)	155.95	138.66	134.86	143.60	155.95	158.24	125.95	146.03
Europe (836)	134.26	119.37	116.10	123.62	121.95	151.52	125.50	156.57
Nordic (112)	186.09	165.45	160.92	171.34	168.17	200.81	155.55	217.78
Pacific Basin (718)	129.38	115.03	111.88	119.13	112.46	145.92	117.86	150.82
Euro−Pacific (1554)	131.64	117.04	113.83	121.20	117.01	147.66	121.29	153.56
North America (641)	154.90	137.73	133.97	142.65	153.35	157.04	125.91	145.59
Europe Ex. UK (596)	113.35	100.78	98.04	104.39	105.45	129.80	106.85	143.74
Pacific Ex. Japan (244)	143.52	127.61	124.13	132.16	128.69	145.66	111.40	145.36
World Ex. US (1746)	133.88	119.03	115.78	123.27	118.57	148.16	122.32	153.60
World Ex. UK (2032)	137.54	122.29	118.94	126.65	128.23	145.77	120.06	147.29
World Ex. So. Af. (2211)	139.52	124.05	120.66	128.48	129.93	148.66	122.92	149.60
World Ex. Japan (1798)	146.20	131.77	128.17	136.48	141.17	152.63	126.69	150.53
The World Index (2272)	140.32	124.76	121.34	129.21	130.35	149.01	123.28	149.78

Copyright, The Financial Times Limited, Goldman, Sachs & Co. and County NatWest Securities Limited. 1987
Constituent change with effect 23/7/91: Addition: Trafalgar House A (U.K.). Latest prices were unavailable for this edition.